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The COMMERCIAL & FINANCIAL CHRONICLE

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OUR REPORTER'S REPORT

The investment banking world is patiently awaiting final passage by the Congress of the new War Revenue Bill as a means of helping to chart its course for the months ahead.

With tax matters in a state of flux for many weeks, there has been a disposition on the part of potential issuers to hold back for a better view of that phase of the situation.

It was recognized that much effort might be wasted in proceeding to draw up a program for a given company only to find that changes in the pending bill had upset all schedules.

The wisdom of the course pursued is plainly evident from the structure of the bill as it leaves the hands of the Senate as contrasted with the set up of the legislation sent forward by the House.

Once the matter of taxes is settled bankers will be able better to gauge the job which is ahead of them. But even after that there will be many difficulties ahead and there is no disposition to attempt to look around these barriers.

The biggest of these, of course, is the need for the Treasury to have full access to the market in carrying through its war financing. Just how corporations will be permitted to squeeze in between these frequent national loans is something which remains to be seen.

Railroad Business Ahead

The market fraternity is confident that the new War Revenue Act containing, as it does, provision for corporations to buy back outstanding bonds at prevailing

(Continued on page 1345)

Our Reporter On "Governments"

This is a column of comment on Government finance—a straight-talking, hard-hitting week-to-week report on how the Treasury is handling its financing of the war and how its offerings of securities are being taken by the market. . . . Its purpose is to inform investors about gossip and reactions within the market itself. . . . Its objective is to serve as a guide. . . .And now with this introduction, never before considered necessary by this writer, this sentence is written:

The last issue of Secretary Morgenthau's was a mistake. . . . A bad mistake. . . . For the first time in years, the Treasury Chief is "shaving 'em too closely." . . .

It takes considerable courage to write these words, for the first instinct of any true American these days is to be patriotic—to minimize the seeming faults of our Administration, to play up the virtues, to encourage all citizens to go all-out on the war effort. . . . And for us, going all-out means supporting to the last penny whatever offerings the Treasury deems fit to tender. . . .

Nevertheless . . . Consider what Morgenthau gave us last Thursday. . . . A 2% bond of 1952/50, which means a 2% bond of 1952, for obviously these very low-coupons are not going to be refunded or repaid until the last moment. . . . A 1½% note of 1946, representing an additional offering of the Decembers, 1946, already outstanding in the amount of $1,119,000,000. . . .

There are eight issues of 2s on the list now! The three "middle" issues of 2s due 1951/49 and taxable, are just getting to a fair position. . . . For months, these issues have been lagging behind the market, have been indicating poor distribution. . . . Their prices have been supported at slightly above par. . . . Had not the Federal Reserve tendered support to these issues, they never would have remained consistently above 100. . . .

There's another issue of taxable 2s of 1955/51 which has been selling at around the par level for a long time too. . . .

It's unnecessary to labor the point. . . . The 2% coupon has been used too many times in recent months. . . . Banks outside the big cities of Chicago and New York have indicated clearly their wish for a 2¼% coupon. . . . Insurance companies in and outside the major cities have indicated clearly their wish for longer-term bonds. . . .

So what does Morgenthau do? He gives us another 2% bond due in 10 years and placed so close to the market that only strong support by the authorities on the day of offering prevented a nasty decline. . . .

To be frank about it, not since the issue of the ill-fated 3s of 1955/51 just before England abandoned the gold standard have dealers around New York been so shocked at a financing choice by our Treasury. . . .

A 2% RATE

The Secretary has announced the results of the issue. . . . You know them now. . . . $4,100,000,000 of subscriptions received for a $4,000,000,000 issue, indicating allotments to banks at close to 100%. . . . Not since 1933 has an issue been subscribed by so narrow a margin. . . . Not for years has the financial community responded so poorly to a Government financing. . . .

"We took the chance and we were successful," said the Secretary on Monday. . . . "I think the taxpayers will be happy. I consider it a real victory for the Treasury and the Federal Reserve Board." . . .

(Continued on page 1352)

On The Home Front In 1918 Will History Repeat?

Editor's Note—The United States entered World War I in April, 1917, and the conflict was formally ended with the signing of the Armistice on Nov. 11, 1918. Under the stress of wartime conditions, the domestic economy was subjected to widespread dislocations as a result of the controls and restraints imposed on business and industry by the National Administration. The nation is now undergoing even more radical changes in its fundamental structure than was the case in 1918. For this and other reasons, we believe it very timely and pertinent to present now a review of the situation which prevailed on the "home front" during the previous conflict. The record for that period as it appeared in the Financial Review for 1918 published by the "Chronicle," is reprinted herewith:

At home the war made necessary many privations. These included fuelless days and lightless nights and, in the matter of food, numerous restrictions regarding the use of wheat, and meat and sugar as well. In fact, conservation in the use and consumption of materials and supplies (not omitting labor) was practiced in every direction. These restrictions and regulations were necessary in order that the production of things so essential to the conduct of the war might be continued with unabated energy, that the military forces of the United States might be properly clothed and fed, and in every way nourished and equipped, and last, but by no means least, that adequate food supplies might be furnished to the countries of Europe associated with the United States in the great struggle. This last was a task of gigantic magnitude. When 1918 opened the situation abroad was that, after nearly four years of war, Great Britain, France and the other Allies were reaching the point of exhaustion in their food supplies and their manpower, and the duty rested upon the United States of re-enforcing both, and to do it with no hesitation and with the utmost freedom, because delay or hesitation or stint or insufficiency might make the effort utterly futile. Conservation and privation became all the more necessary inasmuch as our own hoards at home were by no means plenteous and in some respects were actually deficient. That in face of such circumstances the United States was able to meet all the requirements—that it was able to rush both food supplies and troops abroad in almost unlimited degree—attests at once the skill and the ingenuity with which the huge undertaking was carried out and the loyalty and the self-denial with which the population supported those in authority. It may be added that from the moment the United States entered the war (in April of the previous year) the further task devolved upon this country of financing the purchases here of all the Allied countries. After the signing of the Armistice, the restrictions were one after another quickly removed, and at the close of the year few of them remained in effect.

It was in the case of wheat that meeting European require-

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Says SEC Disclosure Rule Would Eliminate Markets For Securities Of Smaller Companies

The proposed SEC bid and asked disclosure rule, X-15C1-10, would destroy the only market available for the securities of many smaller companies which are not widely distributed, it was stated by Martin Judge, Jr., of Hill, Richards & Co., San Francisco, in a letter published recently in the San Francisco "News." Mr. Judge also observed that the regulation "will likewise destroy the efforts that have been made by brokers who have interested themselves in the shares of these limited companies" to the consequent detriment of the shareholders. Text of the letter, as it appeared in the Coast newspaper, follows:

"Your articles appear under a Philadelphia dateline, that city being the new home of the SEC. The implications in the articles are unfair.

"On many unlisted securities there are no bid and asked quotations. I am referring mostly to the smaller capitalized companies, shares of which are not widely distributed. I can recite a local experience of more than 25 years in which markets have been developed in these limited companies by brokers who have made a business of studying the history and dividend records of individual corporations.

"Before this broker interest existed an estate compelled to liquidate or a stockholder requiring funds, had the alternative only of selling the shares to an officer or director of the company at his elected price. This highly specialized broker service, resulting in great benefits to all the stockholders, is entitled to compensation in excess of the regular brokerage fees paid on listed securities, where the auction market requires no effort.

"In most of these limited companies it would be impossible to quote an actual bid and asked price on the shares. Take, for example, San Francisco Bank. All you can tell an inquiring customer is your knowledge of the last sale, say $9,500. No one will make an actual bid and asked price, each transaction being an individual effort to effect a purchase or a sale. A quick sale might be made to the "inside," say at $9,300, but the effort of an experienced broker might realize $9,600 net for the seller, the broker's undisclosed profit perhaps being $100.

"Over a period of more than 23 years I have accumulated card records and circular information on more than 20,000 Pacific Coast stocks and bonds. The service has been available to banks, estates and other brokers, at their request. This naturally has been at great cost and compensation for the service can only come from an occasional transaction.

"The new restrictive SEC rulings, applying to all securities, once becoming law, will find me impotent for any continued service. It will likewise destroy the efforts that have been made by brokers who have interested themselves in the shares of these limited companies and leave the minority shareholders without the markets these specialized brokers have heretofore been able to provide."

Stolle Heads Saxton; Johnson Joins Firm

G. A. Saxton & Co., 70 Pine Street, New York City, announce that Carl Stolle has been elected President of the company, succeeding the late George A. Saxton. Mr. Stolle has been associated with the company for many years as Vice President.

The firm likewise announced that Mr. Walter R. Johnson, formerly a partner of T. L. McDonald & Co., has become associated with the trading department of G. A. Saxton & Co.

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Lucas, Ernst, Others With Walston-Hoffman

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—John J. Lucas, J. C. Ernst, Clarence M. Frank and Patrick T. Kavanaugh have become associated with Walston, Hoffman & Goodwin, 265 Montgomery St., members of the New York and San Francisco Stock Exchanges. Mr. Lucas was formerly a partner in Eastland, Douglass & Co., with which Mr. Ernst was affiliated in charge of the investment and trading departments. Mr. Frank and Mr. Kavanaugh were also connected with Eastland, Douglass & Co.

N. Y. State Income Tax Payment Is Due Today

The final installment of the 1942 New York State income tax is due today (Oct. 15). Carroll E. Mealey, President of the State Tax Commission, said payments were expected from 100,000 state income taxpayers who use the installment plan. They will pay a total of approximately $9,000,000. The Oct. 15 payment represents one-fourth of the total tax of those who pay by installment. Half was paid April 15 and one-fourth June 15. The Department points out that if mailed, the October payment should bear a postmark not later than midnight tonight. Otherwise, the taxpayer is subject to delinquency penalties.

W. Monro Named Pres. Of Schoellkopf-Hutton

BUFFALO, N. Y.—Walter J. Monro, Vice-President of the firm since 1935, was chosen President of Schoellkopf, Hutton & Pomeroy, Inc., 70 Niagara St. Mr. Monro succeeds the late Jacob F. Schoellkopf as head of the securities firm.

SEC Expected to Move Slowly on Bid-Asked Rule

The over-the-counter industry noted with marked satisfaction informal assurances from Philadelphia of the intention of the Securities and Exchange Commission to proceed cautiously in connection with its proposed "full disclosure" rule governing counter transactions. Although the deadline for the submission of views to the Commission regarding the suggested regulation was not extended beyond Oct. 15, it was expected that the Commission would continue to accept comments beyond that date without formal announcement to that effect. These reports suggested that the SEC has come to realize the serious threat embodied in Rule X-15C1-10 to the welfare of the industry and the investing public and served to arouse some hope within the industry that the plan may be entirely abandoned or so revised as to make it less harmful to the business.

DEALER BRIEFS

Boston, Mass.

The urgency to invest in war bonds as the patriotic thing to do has caused many investors to again think in terms of general investments also. There is a very definite desire on the part of private investors to stabilize their income by investing more money to offset the dividend reductions which have taken place.

Railroad bonds of the calibre of Southern Pacific Company 4½s due 1969, New York Central Railroad Company 4½s due 2013, and Georgia Southern & Florida Railway Company First 5s due 1945; and good operating utility preferreds seem to meet with approval.

Investor confidence is definitely on the increase. — *Arthur Rand, Arthur Rand & Co.*

Although fixed income securities are very popular now in New England, we have found increasing interest developing in favorably situated preferred stocks with dividend arrearages.

We believe this to be a sign of an approaching market here for equity stocks.—*Paul Dudley Childs, Childs, Jeffries & Thorndike, Inc.*

Chicago, Ill.

We believe that the Allied Nations will win the war; we are certain that taxes will not always be 45% and 90%; we believe that there will be a return of "Free Enterprise."

Equities in sound American businesses are on the bargain counter, especially such companies as occupy a good war position and have favorable peace time prospects.

We as underwriters and wholesale distributors find many far-sighted dealers doing an active business on such issues that we have been able to offer that come within the above classification. — *Floyd D. Cerf, Floyd D. Cerf Company*

The surest way to learn "how much you love" the Investment Business is to take a leave of absence and work at something else for several months . . . You will be glad to get back to your own bed and stay there.

After all is said and done, the Investment Banking Business, like mining, steel, radio, transportation, battleships, planes and the Army and Navy, will have its day in Court, and so too, will the Stock and Bond Market . . . Repealing the Prohibition Act was a one to fifty bet in 1931 . . . Two years later a new political party took over, and the wings of Volsteadism were clipped . . . six months later the last guns of prohibition were spiked and the common folks were drinking beer at 10c a glass. Laugh if you want to—but few thought Prohibition would ever be repealed. It takes patience to sit back in the bushes and watch the pendulum swing . . . but the rewards are big . . . Patience is not one of our common national characteristics and that is why the few who have it do so well.—*Kneeland & Co.*

Cincinnati, Ohio

The apathy of our clientele has been most pronounced in the past several months. However, the very recent improvement and activity in the big board has apparently instigated a revival of at least inquiry on the part of our customers. This factor leads us to believe that a very definite underlying potential interest exists which, if once set into motion, will be the making of a much better market. The stimulus to bring into action this revival

(Continued on page 1342)

Twin City Bond Men Elect Jackish Pres.

MINNEAPOLIS, MINN.—Geo. V. Jackish, Harris Upham & Co., was chosen President of the Twin City Bond Traders Club, Incorporated, at the annual election of officers of the club held recently.

George W. Jackish

Edward J. Knight, Wells-Dickey Co., Minneapolis, was named Vice-President; Walter Space, Thrall West Co., Minneapolis, Secretary; Adolph Helfman, First National Bank of St. Paul, Treasurer. Kermit B. Sorum of Allison-Williams Co., Minneapolis, was elected National Committeeman.

The Twin City Bond Traders Club is an affiliate of the National Security Traders Association.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Oct. 9 that the tenders for $400,000,000, or thereabouts, of 91-day Treasury bills to be dated Oct. 14, 1942, and to mature Jan. 13, 1943, which were offered on Oct. 7, were opened at the Federal Reserve Banks on Oct. 9.

The details of this issue are as follows:

Total applied for—$713,102,000.
Total accepted—$400,438,000.
Range of accepted bids:
High—99.924. Equivalent rate of discount approximately 0.301% per annum.
Low—99.905. Equivalent rate of discount approximately 0.376% per annum.
Average price—99.906. Equivalent rate of discount approximately 0.373% per annum.

(48% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Oct. 14 in amount of $301,186,000.

Ins. Situation Good

The insurance companies at present are in a favorable situation and offer attractive possibilities, according to the current issue of "News Review," published by Butler-Huff & Co. of California, 210 West Seventh St., Los Angeles, Calif. Copies of the "Review" containing brief discussions of a number of situations which Butler-Huff & Co. considers especially interesting may be had from the firm upon request.

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New Zealand's Minister To Address Bond Club

The Honorable Walter Nash, Minister for New Zealand, will address the Bond Club of New York at its first luncheon meeting of the current season on Oct. 27, Albert H. Gordon, President of the club, announced today. Mr. Nash will discuss "New Zealand in the War."

A. Seidler, Jr. Joins Julius A. Rippel, Inc.

NEWARK, N. J. — Alexander Seidler, Jr., formerly Assistant Vice President of Colyer, Robinson & Co., Inc., has become associated with Julius A. Rippel, Inc., 744 Broad Street. Mr. Seidler is a graduate of Princeton University and is a member of the Bond Club of New Jersey.

Wm. Woods Transfers To N. Y.; Smith To S. F.

Ferdinand C. Smith, partner of Merrill Lynch, Pierce, Fenner & Beane in charge of the Portland office, is being transferred to the firm's San Francisco, Calif. office at 221 Montgomery Street, succeeding William W. Woods as manager of that branch.

Mr. Woods, also a partner in the firm, will be brought to New York to contact banks and institutions. In the past Mr. Woods was a Vice-President of the National City Bank and for two years was in charge of the bank's Argentina branch.

Calif. Bank Debits Climb

Bank debits in the sixteen California clearing house cities in August ran 21% ahead of the same month last year, bringing the January-August debits 18% above the 1941 figures, according to a current issue of Business Outlook published by Wells Fargo Bank of San Francisco.

Ira Haupt Expanding; To Take New Quarters

On or about Oct. 17, Ira Haupt & Co., members of the New York Stock Exchange, will move to new and enlarged quarters at 111 Broadway, New York City.

Samuel E. Worms and Claude S. Newman, formerly senior partners in the dissolved firm of Newman Bros. & Worms, recently were admitted to general partnership in the firm. Jules R. Gimbernat, Jr., for many years manager of the railroad bond department of Ira Haupt & Co., also becomes a general partner. Abbott L. Baum and Herbert C. Newman, formerly partners in Newman Bros. & Worms, have joined the Haupt organization.

Ira Haupt & Co. will retain the present personnel and offices of Newman Bros. & Worms, located at 349 East 149th St., and 15 East Broadway, New York City, and 1615 Pitkin Ave., Brooklyn. Newman Bros. & Worms' office at 25 Broad St. will be moved to 111 Broadway and consolidated with Ira Haupt & Co.'s main office.

The firm of Newman Bros. & Worms was originally formed in 1916 and in its early days was closely identified with the cotton and commodity markets. The firm has had a membership on the New York Stock Exchange since 1922 and maintained memberships on the leading Exchanges.

The predecessor of the Haupt organization was formed under the name of Hart & Haupt in 1919. In 1927 the name was changed to Ira Haupt & Co., and in 1932, Udo M. Reinach, a senior partner, joined the firm. Other partners in the firm are: Bertram M. Goldsmith, Martin Scherk (in the armed forces) and Townsend E. Allen.

Admission of Messrs. Worms, Newman and Gimbernat to partnership in Ira Haupt & Co. was previously reported in the "Financial Chronicle" of Sept. 24.

G. Huberty Jr. Joins Goodbody In Cleveland

(Special to The Financial Chronicle)

CLEVELAND, OHIO — George Huberty, Jr. has become associated with Goodbody & Co., National City Bank Building. Mr. Huberty was formerly in the trading department of Curtiss, House & Co.

F. E. Gernon To Join Carl M. Loeb-Rhoades

Frank E. Gernon will become associated with Carl M. Loeb, Rhoades & Co., 61 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges, as of November 1st. Mr. Gernon for many years has been associated with Hayden, Stone & Co., of which he has been a partner since 1929.

Chas. Doyle to Manage Dept. for E. J. Duffy

Charles E. Doyle, formerly of Charles E. Doyle & Co., has become associated with Edward J. Duffy & Co., 111 Broadway, New York City, as manager of the firm's unlisted department.

Edward J. Duffy & Co. are members of the New York Stock and Curb Exchanges.

New Firm In Jacksonville

JACKSONVILLE, FLA.—Southeastern Securities Corporation has been formed to engage in a general securities business from offices in the Graham Building. Officers of the new firm are Donald B. Brayshaw, President; John W. Muskoff, Vice-President and Treasurer, and Mrs. M. D. Snyder, Secretary.

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The Cliffs Corporation

Common Stock

By J. A. NELSON

Business: Organized in 1929, the Cliffs Corporation is an industrial holding company the policy of which is to own on a long-term basis, large blocks of common stock of leading steel companies. Its corporate structure is simple, the balance sheet as of Dec. 31, 1941, consisting in substance of its holdings of steel stocks, as shown below, on the asset side and 805,734 shares of its own common stock on the liability side. There was no bank indebtedness, and small current liability items were more than offset by cash on hand.

Investments:

No. of Shares	Security
102,500	Inland Steel Co., common
160,449	Republic Steel Corp., common
30,000	Wheeling Steel Corp., common
100,500	Youngstown Sheet & Tube Co., common
408,296	Cleveland-Cliffs Iron Co., common

Book Value: Based only on the current market value of the company's holdings of Inland, Republic, Wheeling and Youngstown, as shown above (and without giving any value to the ownership of 100% of the common stock of Cleveland-Cliffs Iron Co.) the book value of Cliffs Corporation common stock is $16.25 a share.

Income and Dividends:

	1937	1938	1939	1940	1941
Net income per share	$0.92	$0.25	$0.40	$0.80	$1.35
Dividends paid per share	0.80	0.25	0.40	0.75	1.25

1941 dividends were paid as follows: 20¢ April 5th, 25¢ June 20th, 25¢ Sept. 25th, 55¢ Dec. 22nd. A payment of 20¢ was made on March 20, 1942, also June and Oct. 20¢, total 60¢.

Cleveland-Cliffs Iron Company: This company is a long-established enterprise of substantial size engaged in mining iron ore and coal, in lumbering and shipping and various other activities, and owns vast and important natural resources. Its net earnings in 1941 totaled $4,149,512, equal after regular preferred dividends to $4.20 a common share—or the equivalent of $2.13 a share of Cliffs Corporation stock. Because of large preferred dividend arrears, Cleveland-Cliffs Iron Co. is paying no common dividends, but a continuance of the present earning level would suggest that some action could be taken to clear the preferred arrears, permitting resumption of common payments.

Comment: The common stock of Cliffs Corporation currently is available at considerably below the market value of the company's holdings of listed steel stocks, without giving any value to its ownership of all the common stock of Cleveland-Cliffs Iron Co. In view of the demonstrated earning power of the latter company, we regard this holding as an asset adding substantially to the potential value of Cliffs Corporation stock and offering possibilities of contributing importantly to the company's income in the future. In our opinion, Cliffs Corporation common stock provides an attractive method of acquiring an equity interest in the steel industry.

It will be noted that since the middle of 1940 steel production has remained well above the 1937 high and has continued in an advancing trend. If, as most authorities predict, production is maintained at current or higher levels for an indefinite period, steel companies should continue to realize substantial earnings. In sharp contrast, the current market for Cliffs Corporation stock is far below its 1937 high and, in fact, is at the approximate low for the past six years. At the same time per share earnings and dividends on the stock in 1941 were the largest since 1930.

N. Y. Analysts To Meet

At the luncheon meeting of the New York Society of Security Analysts, Inc., on Friday, Oct. 16, at 56 Broad St., New York City, Benjamin Graham will lead an interesting discussion on "Stockholders and the Managerial Revolution." It is understood that a number of special situations will be considered.

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G. B. Menden Now With Farwell, Chapman Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—George Bertram Menden has become associated with Farwell, Chapman & Co., 208 South La Salle Street, members of the New York and Chicago Stock Exchanges. Mr. Menden was formerly with the Chicago office of Jackson & Curtis for many years in charge of the investment department.

Interesting Situation In Elastic Stop Nut Corp.

Ward & Company, 120 Broadway, New York City, have just issued an interesting memorandum on Elastic Stop Nut Corporation in which they point out that the history of the Company has been good and the outlook appears to be exceptionally bright. The memorandum also stresses the fact that Elastic Stop Nut Corporation has filed a registration statement with the SEC indicating that they propose to increase their capitalization through the issuance and sale of $2,500,000.00 of new 6% Cumulative Convertible Preferred stock.

Copies of the memorandum may be had from Ward & Company upon request—write for Memo No. 251.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Proposed transfer of the Exchange membership of Victor B. Cook to Harry F. Bliss will be considered on Oct. 22. Both are partners in Merrill Lynch, Pierce, Fenner & Beane, New York City.

Proposed transfer of the membership of the late John H. McMannus to Kenneth G. Judson, partner in Judson & Co., New York City, will be considered on Oct. 22.

The proposal that Archibald Douglas, Jr., act as alternate on the floor of the Exchange for Van Vechten Burger will be considered on Oct. 22.

Fitzhugh J. Dodson, partner in Stein Bros. & Boyce, Baltimore, Md., will retire from the firm as of today.

Situations Interesting

The current situation in Cliffs Corporation Common and Cleveland Cliffs Iron Preferred offers attractive possibilities according to a report just issued by Wyeth & Co., members of the Los Angeles Stock Exchange, 647 South Spring Street, Los Angeles, and 40 Wall Street, New York City. Copies of the report may be had from Wyeth & Co. upon request.

Kelly With Blyth Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — Edward J. Kelly has become associated with Blyth & Co., Inc., 135 South La Salle Street. Mr. Kelly was formerly in business for himself in Chicago under the firm name of Edward J. Kelly & Co. and prior thereto was with Babcock, Rushton & Co. for a number of years.

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REAL ESTATE SECURITIES

REDUCTION IN ASSESSED VALUES HELPFUL TO MANY PROPERTIES

Values placed upon real estate by the taxing bodies of municipalities have for many years been out of line with true value and inconsistent with the earning power of the properties.

In the last few years, many owners unable to come to agreement with these taxing bodies as to a fair reduction, have resorted to "certiorari proceedings" instituted in the proper courts seeking to obtain a reduction of excessive real estate taxes and to recover a portion of the taxes paid for prior years.

Decisions of the court favorable to the plaintiff result usually in a net cash refund after fees and the establishment of a reduced tax assessment base for the current and future near term years. The tax rate in New York City is roughly $3.00 a thousand and this rate applied to a million dollar reduction in assessed value results in a saving of approximately $30,000 a year. Such savings are important not only to the owners of the property but to the public which holds the outstanding mortgage bonds.

The court recently granted a reduction in assessments totaling $1,625,000 for two years under consideration in the case of Forty Wall Street Building, Inc., which in the judgment of the directors was not adequate, therefore an appeal seeking further reduction was filed. A reduction of $500,000 in the assessed value of 165 Broadway Building was granted, also $185,000 to the 10 East 40th Street Building, Inc. Many other reductions have been granted to other properties and the move seems to be on for owners to seek reasonable assessments based on present conditions.

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Support Of Ruml Pay-As-You-Go Tax Plan Advocated By N. Y. Chamber of Commerce

Frederick E. Hasler, President of the Chamber of Commerce of the State of New York, announced on Oct. 4 that the Chamber was enlisting the cooperation of other chambers, taxpayer groups and kindred organizations throughout the United States in an effort to bring about the adoption by Congress of the Ruml pay-as-you-go plan for payment of income taxes. The New York Chamber unanimously endorsed the plan at a special meeting on Sept. 10 at which Beardsley Ruml, the author, spoke. As the initial step, Mr. Hasler sent a letter to the nationwide membership of the Chamber requesting members to back-up their belief in the Ruml plan by urging its adoption upon their Senators and Congressmen.

This was followed by a letter to officials of several hundred other leading organizations in every State suggesting that if they were in favor of the plan that they might wish to take similar action with their individual memberships. Enclosed with each letter were copies of the report on the Ruml plan adopted by the Chamber and Mr. Ruml's address. Copies of both were sent also to members of the Senate Finance Committee which is considering the 1943 tax measure and to officials of the Treasury Department. As to the Chamber's efforts Mr. Hasler on Oct. 4 said:

"Adoption of the Ruml plan will give Congress an opportunity to right an injustice which, through lack of foresight, was perpetrated on the taxpayers when the income tax first was imposed. Now we are faced with a situation where with the heavy taxes which will have to be paid next year to help finance the cost of the war, millions of taxpayers in the lower and middle brackets will be unable to pay their income taxes out of current earnings already reduced in purchasing power by the sharp rise in the cost of living and facing further shrinkage unless a ceiling is placed on farm prices and wages.

"The result of this will be that in order to pay the previous year's tax debt many persons with small, fixed incomes will abruptly stop purchasing war bonds and turn back to the Governrment some or all of those they have bought; others will be compelled to sacrifice their life insurance or the savings of years, default in payments on their homes and abandon plans to continue the education of their children. Nothing will break down the morale on the home front more disastrously than this. Congress can help to prevent it by adopting the Ruml plan."

In his letter to officials of other Chambers of Commerce, Mr. Hasler said:

"First let me say that the (Ruml) plan is not intended as a protest against taxes or increased taxation for war purposes. We believe that all of our people throughout the country are willing to make every sacrifice in order to further our war plans and to achieve victory, but we firmly believe that in the process of taxation, its collection should be made as fairly and as easily as possible, especially for those who are not classed as 'big business' or persons of large means.

"Chambers of Commerce are frequently accused of acting only in the interest of 'big business' and of men of wealth, but in advocating the Ruml plan we firmly believe that it would be of inestimable value to those in the low and middle income brackets."

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Arthur W. Alstrin** is now affiliated with **John A. Dawson,** 1 North La Salle St. Mr. Alstrin was formerly with Bear, Stearns & Co. and prior thereto for many years with Stein, Brennan & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Gerald F. Barron** has become associated with **Doyle, O'Connor & Co.,** 135 South La Salle Street. Mr. Barron was formerly with Thompson Ross Securities Company, J. P. Blaney & Co. and R. H. Smart & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **William B. Daniels** has become connected with **Link, Gorman & Co., Incorporated,** 208 South La Salle Street. Mr. Daniels was previously with Thompson Ross Securities Co., Inc. and for many years with Addison Warner & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Arthur S. De Pew,** formerly with Thompson Ross Securities Co. for a number of years, has joined the staff of **Ryan-Nichols & Co.,** 105 South La Salle Street.

(Special to The Financial Chronicle)

LOUISVILLE, Ky.—**Emil F. H. Hammerschmidt** is with **Berwyn T. Moore & Co., Inc.,** Marion E. Taylor Building. Mr. Hammerschmidt was formerly with the Kentucky Title Trust Company.

(Special to The Financial Chronicle)

PASADENA, CALIF. — **Jerome U. Bihl** has become affiliated with **Leo G. MacLaughlin Co.,** 54 South Los Robles Avenue. Mr. Bihl was previously with Reagan, Carr & Gaze, Ltd., and Fox, Castera & Co.

(Special to The Financial Chronicle)

ST. PETERSBURG, FLA.—**Roland H. Rhotehamel** has been added to the staff of **W. H. Heagerty & Co.,** Florida Theater Building.

(Special to The Financial Chronicle)

SAN DIEGO, CALIF.—**Clifford Penn Thomas** is now connected with **Bankamerica Company,** 625 Broadway. Mr. Thomas was formerly with Wheaton & Roberts and Fox, Castera & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**William C. Holmes** has joined the staff of **H. R. Baker & Co.,** Russ Building.

"We Can Pay The War Bill"

Professor Alvin H. Hansen (Harvard Professor-Treasury Department Adviser) under this title writes a provocative article in a current periodical.*

It is Professor Hansen's point that our fears of a large national debt at the war's end are pretty much groundless. For he emphasizes that as a nation in the real meaning of the word we should be "debt free"; in other words we will owe no money whatsoever to any other country; in fact to some extent may be in a creditor position. He feels that at the war's end our national annual income will reach 110 to 120 billions of dollars and that our internal national debt will certainly not reach double that figure. The ratio of debt; below twice annual national income, he goes on to say, has been demonstrated by British experience as being thoroughly "manageable."

The Professor also is convinced that for many other reasons we shall be able to support this high internal debt. We will have fabulous productive capacity at the war's end, perhaps 50% higher than in pre-war years, and we will come out of the war with a tremendously increased trained and skilled working population.

These factors will permit us to produce a higher real income than we have ever before experienced and will aid us in surviving the inevitable "technological revolution."

Professor Hansen is not disturbed by the increase in prices that has been witnessed so far and points out that in the last war in a comparable period the price rise was three times that which we have so far encountered. To prevent further spiraling he recommends taxing corporate profits to the limit and much heavier taxation of incomes below $3,000, adding that we should adopt, for the period of the war only, a retail sales tax.

The point is also made by Professor Hansen that unless bold policies are adopted we shall sooner or later run headlong into very serious depressions; emphasizing out that we have had long and serious depressions in the past that had no connection with war. He stresses the opinion that the government may have to step in boldly in its efforts to sustain income and employment, and ends on the challenging note: "We need a dynamic leadership by American business, unafraid to use the state as an engine of expansion and economic progress."

* * *

Stray Comments

Mr. Morgenthau's demand for a 6 billion dollar additional tax bill may have been timed to obtain smooth and early passage by Congress of the 1942 bill today reported to the Senate. * * * If the war is not going to be too long and if recapped tires are "just around the corner," prehaps investors should be giving consideration to the currently tax exempt Triboro Bridge 3¼s of 1980 (selling around 80-81½), and Port of New York Authority 3s of 1975 (around 91-92½). * * * Retailers of hard goods and men's clothing may find the going rather difficult, but Lerner Stores, a ladies ready-to-wear chain, should be far less vulnerable to priorities, rationing and the like. * * * If we are to have $25,000 salary ceilings (after taxes), individuals with substantial income from interest, dividends and capital gains will be in a relatively advantageous position.

The Market

Share prices continue to show reasonably sustained strength and we would look for a continuance of the present pattern. Investors apparently are a little more ready to use idle cash for the purchase of high-grade equities and it is a state of mind that we believe is quite likely to continue.—*Ralph E. Samuel & Co.*

---

*October "Atlantic Monthly."

Tomorrow's Markets Walter Whyte Says—

Despite general market optimism technical signs point to top. Selling now and buying back later is advised as trader's credo.

By WALTER WHYTE

One of the hardest things for a trader to do is to go against the tide. To be bearish when everyone around is bullish; or bullish when everyone else is bearish goes against every human trait. We are all creatures of habit and custom. The one thing we fear is to be different. It's easy to sit back and read a market letter and agree with what it says. It's not so easy to forget what somebody else says and do one's own thinking. It opens up dangerous ground and leads to mental confusion. So most people like to have somebody do their thinking for them. That's one of the reason why radio commentators and newspaper columnists have such wide followings.

* * *

Here we are in the midst of a market which seems, at long last, to have made up its mind and gone up like a rocket, volume and everything. And here am I with the unmitigated gall telling people to get out while the getting out's good. Yet that's exactly what I'm doing.

* * *

The market has gone up nicely. It has caused a lot of people to change their minds. The public has stopped asking for quotes and is actually beginning to fill out order slips. Everything seems rosy. God's in His heaven and all's well with the world. But beneath all this sweetness and light the market is throwing signals I interpret as danger ahead.

* * *

It is possible the dangerous shoals may be negotiated with just a minor set back; maybe no set back at all, just dullness. Yet I have seen these things happen too often to just shrug them off casually.

No one knows better than I how widespread is the feeling of optimism in the Street. Everybody seems to agree the market is going higher. No one would like to believe it more. But substituting wish for the belief is seldom profitable in this business of buying and selling stock certificates, very few of which we see anyway. For if there is any business that is more cold-blooded about evaluating the past, present and future than the stock market I don't know what it is.

* * *

A favorable war communique, a rousing speech by an impassioned orator lift our hopes or dash them to the ground. Yet the market is not concerned, with either pretty speeches or optimistic news communiques. It takes available facts, weighs them and calculates their cumulative effect on the price structure and acts accordingly. Frequently the resultant action seems crazy in the light of generally known news. But at a later date it is seen it was the market that interpreted the news properly and not columnists, radio commentators or windy politicians.

* * *

Three weeks ago I wrote the market showed enough guts to not only cross the obstacle at 110 (DJ) but also showed latent ability to go to somewhere between 112 and 116. The next week I felt a little different but I still kept the profit taking figures in the stocks you held at figures calculated on the 112-116 range. On Tuesday the averages managed to advance to 115.80 closing at 115.01. It is right in the upper strata of the range I set for it three weeks ago.

* * *

It may go higher from here but I doubt it. Too many technical signs indicate otherwise.

* * *

To many of us the war is still something which means collecting scrap, less driving, higher cost of living and that's about all. Of course taxes will begin pinching harder before long. But that too is in the future. Meanwhile the maneuvers of armies or naval units or airplane fleets give us all opportunities to become armchair generals, dry water admirals and grounded pilots. But few of us have bothered to think about economic consequences of an all out war. The word inflation rings pleasantly to some; ominously to others.

* * *

If we remember our history we recall the Mississippi Bubble, the French inflation and the later German holocaust. But applying this knowledge to present day problems is something else. For one thing we don't know how. Somewhere we have picked up the

(Continued on page 1343)

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Followers of railroad bonds in the so-called "marginal" class have been sorely disappointed by the market action of the junior bonds, refunding 4½s and 5½s, in recent markets. They continue to hover little above the year's lows in desultory trading in the face of growing confidence in the road's post-war potentialities. The lack of interest in the liberal income return available from these securities is particularly marked when contrasted with the highly satisfactory performance of all other system obligations. The three outstanding divisional liens are all selling at new 1942 highs and even the unsecured 6% notes due in 1950 are now selling at par. With markets indicating an almost complete lack of apprehension as to payment of all of these other bonds, it is difficult to justify the present price level of the junior liens which stand to benefit so widely from retirement of the earlier maturities.

The Nickel Plate management has already shown a strong inclination to make as rapid inroads as possible into its debt and charges, and the properties themselves have displayed large potential earning power. In fact, if adjustment is made for the reduction in fixed charges in the interim, the road would have been able to operate profitably in every year of the depression decade with the exception of 1932. Even without allowing for and reduction in charges, obligatory requirements were covered 1.61 times on the average for the five years through 1941. Fixed charges now amount to only about $5,800,000 per year, or almost 20% below the average for the five years through 1941. Moreover, there is reason for confidence that they may be reduced to $5,000,000, or lower, even if the war-induced traffic boom lasts no longer than through 1943. On the present outlook, and considering that after the war we will play a dominant role in the feeding and rebuilding of the war-torn world, maintenance of the high earnings through next year would appear as a conservative expectation.

There are two considerations which may be acting as a market drag on these issues. For one thing, earnings so far this year have failed to keep pace with the like interval of 1941. Gross has expanded widely but net operating income for the eight months through August declined 12.4%. The bare figures are naturally disappointing, but there are extenuating circumstances and it is believed that the closing months of the year may witness far more favorable year-to-year comparisons.

One consideration is the obvious fact that costs from here on will be more comparable with 1941 months as higher wages were in effect in the final four months last year. The other consideration is the possibility that the road has been overly conservative in accruing income taxes. While net operating income for the eight months was down only $1,205,000 tax accruals were up $9,209,000. Federal income taxes, surtaxes and excess profits taxes amounted to $10,725,000 or at a rate of 66.9% of net income before taxes. More modest accruals are expected in the closing months of the year, with some quarters pointing to the possibility that credit reversals may be made. On this basis it is possible that final results for the year may compare favorably with the $12,687,000 net income reported for 1941.

The other consideration is the old uncertainty engendered by the joint and several guarantee with New York Central of the Cleveland Union Terminal bonds. This has taken on added significance in view of the growing pessimism as to the long term outlook for the Central. There can be no question but that assumption of the whole Cleveland Union Terminal obligation would prove an insuperable burden to Nicket Plate in the event that New York Central should be forced into reorganization. On the other hand, this obligation would have no bearing on the mortgage debt of Nickel Plate.

It might well mean judicial reorganization but the obligation on the guarantee would be only an unsecured claim on the properties and would not cut into the equity of the holder of a mortgage on the line. With the road obviously able to support that mortgage debt from operations, a reorganization brought about merely by the guaranteed obligation would certainly not call for any sacrifice on the part of holders of the refunding bonds. It is not likely that the fundamental improvement in the status of the company itself and in the investment position can permanently be obscured by these psychological drags.

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International Hydro-Elec. 6s, 1944
Minnesota & Ont. Paper All Issues
Montreal Light, Heat & Power
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Cliffs Looks Good

The present situation in Cliffs Corporation offers interesting possibilities according to a circular issued by Gillis, Russell & Co., Union Commerce Building, Cleveland, Ohio, members of the Cleveland Stock Exchange. Copies of the circular may be had from Gillis, Russell & Co. upon request.

In The Armed Forces

Robert A. Magowan, partner in Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York City, has been commissioned a Lieutenant Senior Grade in the U. S. Navy and will report for duty next Tuesday.

Interesting Possibilities

Brown Co. 5s, due 1959, offer interesting possibilities, according to a circular issued by Charles King & Co., 61 Broadway, New York City, from whom copies may be had upon request.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: high—43⅞; low—14¾; Oct. 14 price—43⅝.

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Bank and Insurance Stocks

This Week — Insurance Stocks

The seven days from Oct. 4 to Oct. 10 this year were officially designated by the President as "Fire Prevention Week." Never before, perhaps, have the admonitions to guard against fire been as seriously and whole-heartedly accepted as on the present occasion. Since the entry of the United States into the war, and due to the threat of enemy air raids, every citizen of our country has become increasingly "fire conscious." Federal and civil authorities, working in conjunction with the schools, churches and other community organizations, have attempted to bring to every home in the land complete and detailed instructions regarding the prevention and control of fire. As a result, most youngsters as well as most adults now possess some rudimentary knowledge of this important subject. The object, of course, is to make every household a well-organized and independent Fire Department in itself.

It is eminently logical and fitting for Fire Prevention Week to come in October because this is the season of the year when weather conditions, throughout a large part of the United States, are most propitious for fires. It is a time when the foliage is most beautiful—and most dangerous. It is a time when energetic householders like nothing better than to rake up the accumulated debris from lawn and garden and then to start their own individualistic bonfires therewith. The smell of autumn leaves aburning has given rise to many lyrical poems—and also to many urgent calls for the neighborhood fire department. Thus, even the demands of poesy must be subordinated to the war effort.

In the grim business of war, fire is the most deadly of enemies. The various Fire Underwriting Associations of the country have accordingly this year adopted the slogan, "EVERY FIRE IS SABOTAGETODAY." These associations composed of capital stock fire insurance companies, have led the fight against fire damage and loss of life for several decades. Most of the time they have received little assistance from organized society or from individual members of the community because our people have been notoriously careless and callous in regard to fire hazards. Obviously, the interest of the fire companies has been largely selfish but, at the same time, it has had a sound humanitarian background. Now the campaign to eliminate fire destruction also carries a strong motif of patriotism and the facilities and experience of the fire companies will play an important part in successfully prosecuting the war.

President Roosevelt's message with reference to the establishment of this year's Fire Prevention Week is an especially noteworthy document. Most proclamations of this kind, consisting largely of "whereases" and "therefores," are openly and intentionally a mere formality. Not so this one. It is worth repeating, both for its literary merit and economic significance. It should be required reading for every man, woman and child in America.

The proclamation of the President reads as follows:

"Any loss of human life, any interference with production, any loss of critical materials hinders and impedes our war effort.

"Uncontrolled fire, even in normal times, is a national menace. It kills or disables thousands of our people and destroys a significant portion of our national wealth each year. Today, when every machine is being taxed to its fullest productive capacity, when new hands are working with unfamiliar tools, and when agents of our enemies are seeking to hinder us by every possible means, it is essential that destructive fire be brought under stricter control in order that victory may be achieved at the earliest date.

"Nothing less than the united vigilance and effort of all the people will suffice to break the grip of this menace. Fire hazards everywhere must be detected at once and eliminated. Loss of life and property from blaze and smoke must be reduced in every State of the Union. Prevention of all uncontrolled fires must be our goal.

"Now, Therefore, I, Franklin D. Roosevelt, President of the United States of America, do hereby designate the week beginning Oct. 4, 1942, as Fire Prevention Week; and I earnestly request the people of the country to give special heed to the importance of taking active measures during that week and throughout the year, to conserve our human and material resources from the destructive toll of fire; and I direct the Office of Civilian Defense and other appropriate Federal agencies to initiate programs for emphasizing the importance of attaining these objectives. I also desire to enlist the cooperation of State and local governments, of educators and civic groups, and of the press, the radio and the motion picture industry, with a view to promoting widespread realization of the dangers of fire and knowledge of the methods of controlling it."

Thus spoke the President and thus it is assured that the Fire Insurance Industry will receive the active and official support of the Government in attempting to stamp out fire and damage for the duration of the war. In this and other ways, the industry is receiving the benefit of millions of dollars worth of advertising, cooperation and education such as could never be obtained under ordinary conditions. From a long range standpoint, extending far beyond the war period, these developments will be of inestimable value to the Fire Insurance Industry. The training which civilians, both old and young, are now receiving in connection with the handling of fires of all kinds is a permanent addition to our store of knowledge. Furthermore, we shall emerge from the war with a vastly larger and more modern supply of fire fighting equipment than we have ever before possessed or would be likely to possess were it not for the war emergency.

Fire Prevention Week, therefore, has been of unusual interest and value in this particular year of so-called grace. It is given to few industries to have an entire week set aside to emphasize and signalize their particular field of activity. As a general rule, we are asked to memorialize nothing more significant than Eat-An-Apple Week or Be-Kind-to-Your-Mother-in-Law Week. Worthy as such objectives may be, fire prevention is of far greater concern to all our people. Thus, we have further evidence of the important role which the Insurance Industry plays in our American way of life.

DEALER BRIEFS

(Continued from page 1338)

of interest in securities will be supplied by much better war news. In our opinion this will be forthcoming in the very near future.—*Lee R. Staib, Geo. Eustis & Co.*

Jackson, Mich.

While for the past two years we have continued to find money for "growth" companies such as Hayes Industries and Ampco Metal we are stressing more and more the bank and insurance shares and meeting with a splendid reception. The past two months, for many clients who have favored Utility Preferreds for years, we have been able to convert advantageously to other Utilities with the same or improved security and better yields. One of the most encouraging factors for a long time is the voluntary appearance of funds seeking investment.—*Russell H. Goodrich, H. H. Butterfield & Co.*

Lansing, Mich.

Almost daily we receive inquiries for the better grade Michigan municipal bonds with practically no available source of supply. Local stocks continue strong but inactive. We have experienced some interest in second grade rail bonds in the recent past. — *William Donovan, Donovan, Gilbert & Co.*

Worcester, Mass.

Dealer interest should now respond to prominent Over-the-Counter issues. The dormant market of the past year will, in our opinion, be replaced by a continued active security market. We continue to find substantial interest in second grade railroad bonds.—*Norman B. Robbins, H. L. Robbins & Co.*

Philadelphia, Pa.

Our experience with investors still continues to be the same, namely, distrust and suspicion of the New Deal in its entirety. Everyone cheerfully and gladly supports the war efforts, but the big uncertainty in the investors' minds is still the ulterior motives of the New Deal Administration. Every intelligent person realizes that all wars bring problems, but that in the past they have always been solved and that they will be solved again. The problems raised by the New Deal and its agencies are a different matter, however. Our observation has been that they are more the cause of lack of confidence on the part of capital than anything else. —*John F. Bunn, Jr., Bioren & Co.*

Interesting Speculation

The current situation in National Supply Co., producer of equipment for drilling oil wells and extracting the oil, offers attractive long-term speculative possibilities, according to a memorandum being distributed by Newburger & Hano, 1519 Walnut St., Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of the memorandum, containing further details and some interesting comparative figures, may be had from the firm upon request.

To Redeem Honolulu Bonds

The City and County of Honolulu, Hawaii, has called for redemption on Oct. 30, $500,000 of its 5% water works bonds, Series A, due April 15, 1952. Payment will be made at the office of the Treasurer of the City and County of Honolulu, Hawaii, or at the Chemical Bank & Trust Co., New York.

Royal Bank of Scotland
Incorporated by Royal Charter 1727
HEAD OFFICE—Edinburgh
Branches throughout Scotland
LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1
TOTAL ASSETS
£98,263,226
Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand
BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)
Paid-Up Capital ________ £8,780,000
Reserve Fund __________ 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000
Aggregate Assets 30th Sept., 1941 __________ £150,939,354
SIR ALFRED DAVIDSON, K.B.E., General Manager
Head Office: George Street, SYDNEY
The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.
LONDON OFFICES:
29 Threadneedle Street, E. C.
47 Berkeley Square, W. 1
Agency arrangements with Banks throughout the U. S. A.

NATIONAL BANK of EGYPT
Head Office Cairo
Commercial Register No. 1 Cairo
FULLY PAID CAPITAL . £3,000,000
RESERVE FUND £3,000,000
LONDON AGENCY
6 and 7 King William Street, E. C.
Branches in all the principal Towns in
EGYPT and the SUDAN

DIVIDEND NOTICES

COLUMBIA GAS & ELECTRIC CORPORATION

The Board of Directors has declared this day the following dividends:

Cumulative 6% Preferred Stock, Series A
No. 64, quarterly, $1.50 per share
Cumulative Preferred Stock, 5% Series
No. 54, quarterly, $1.25 per share
5% Cumulative Preference Stock
No. 43, quarterly, $1.25 per share

payable on November 15, 1942, to holders of record at close of business October 20, 1942.

DALE PARKER
October 8, 1942 *Secretary*

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

New York, N. Y., September 29, 1942.

The Board of Directors has this day declared a dividend of Two Dollars and Fifty Cents ($2.50) per share, being Dividend No. 119, on the Common Capital Stock of this Company, payable December 1, 1942, to holders of said Common Capital Stock registered on the books of the Company at close of business October 30, 1942.

Dividend checks will be mailed to holders of Common Capital Stock who have filed suitable orders therefor at this office.

D. C. WILSON, Assistant Treasurer,
120 Broadway, New York, N. Y.

JOHN MORRELL & CO.

DIVIDEND NO. 53

A dividend of Twenty-five Cents ($0.25) per share on the capital stock of John Morrell & Co., will be paid October 31, 1942, to stockholders of record October 15, 1942, as shown on the books of the Company. Ottumwa, Iowa. Geo. A. Morrell, Treas.

HOMESTAKE MINING COMPANY

Dividend No. 858

The Board of Directors has declared dividend No. 858 of thirty-seven and one-half cents ($.37½) per share of $12.50 par value Capital Stock, payable October 26, 1942 to stockholders of record 3:00 o'clock P. M., October 20, 1942.

Checks will be mailed by Irving Trust Company, Dividend Disbursing Agent.

R. A. CLARK, *Secretary.*
October 6, 1942.

Storage Loans On Cotton

The Department of Agriculture announced Oct. 7 that loans will be made by the Commodity Credit Corporation to producers on 1942 crop cotton stored on farms. The loans will be secured by chattel mortgage. Application for loans must be made to county agricultural conservation committees. CCC officials stated that in many areas sufficient public warehouse space is not available for the 1942 crop and that storage of Government loan cotton on the farms will materially relieve the tight storage situation.

The announcemnt added:

"The farm storage structures will be inspected and must be approved by loan inspectors supervised by the county committees before loans are made. Producers must agree, if the loan is not repaid, to deliver the mortgaged cotton to an approved warehouse designated by Commodity Credit Corporation. Producers will be paid a storage allowance of 10 cents per bale per month on cotton delivered to Commodity Credit Corporation in satisfaction of loans.

"The loan rates for farm-stored cotton will be on the same basis as rates for loans secured by cotton stored in approved public warehouses."

Industrial Adviser

The Board of Governors of the Federal Reserve System has approved the appointment of Herbert P. Ladds, President of National Screw & Manufacturing Co.. of Cleveland, Ohio, as a member of the Industrial Advisory Committee for the Fourth (Cleveland) Federal Reserve District, to serve the remainder of the term ending Feb. 28, 1943. Mr. Ladd's appointment is to fill the vacancy created by the death of Carl C. Gibbs.

The Securities Salesman's Corner

LIFT YOURSELF OUT OF THE CROWD!

One day last week, it was our pleasure to bump into three different securities men. Two of them were cheerful, confident and optimistic about their business. They made you feel this surge of sureness and purposefulness with which they were meeting the problems of the day and somehow you seemed to sense when you talked with them for only a minute or two, that there were definite reasons why they were doing business.

The other fellow had just the opposite attitude. The first question he asked when he saw us, was something like this, "How's business, Bill? Kinda slow, huh?" You knew he wanted you to say, "Yeah, John, it's rotten, isn't it?" Sorta of a "misery loves company" conversation would then have ensued. This fellow finally ended up in our office asking our opinion of whether he should stay in the business or not, whether we thought there was any future to it, and if not, what in the world did we think he could do.

Now let's see what was behind the first two optimistic salesmen that gave them their hopeful and successful attitude, and on the other hand, why was the third in a discouraging rut? We found out that both of the optimists were using **New Ideas.** They were trying new angles that had imagination behind them and they were making these ideas work. They were not trying to do a securities business along the same old stereotyped lines that they, and all the rest of us were using five and ten years ago. The first fellow told me that one day last week one of his clients walked into his office and laid a certified check on his desk for $50,000. He asked this salesman to invest this money for him in a diversified list of securities. The salesman charged him a 1% commission and the client was entirely satisfied. Here was a salesman who sold primarily "over-the-counter" securities buying a list of investments for this client. Some were on the Curb, some on the Stock Exchange, others unlisted and even some U. S. Governments were included. When I asked him how it happened that an investor should come to him and make him such a proposition instead of going to an investment counsel he told me the answer was simply that this client had confidence in his judgment as a securities man, and such being the case, "why shouldn't he come to him rather than any one else." He said that he had sold this client securities before that had been entirely satisfactory and not only this was important but also **He Had Never Overlooked An Opportunity To Sell His Clients The Idea That He Was A Competent Advisor On Investment Matters, Not Just A Salesman Who Had A Certain Security That He Wanted To Sell.**

The second fellow was also using a different approach to the business. **He Was Out Buying Bonds—Not Selling Them.** He had uncovered a bond that looked weak to him and he had secured a list of the holders. He was out in the field, meeting new people, and telling them some things about the security which they owned that was interesting to them because they already held it as one of their present holdings. He told me he had opened up about two dozen new accounts in the past six weeks.

The third fellow (our pessimist) first of all, was so mentally befogged that it is doubtful if he was doing constructive work of any kind. However, what little work he tried to accomplish was practically nothing more than doorbell ringing. He went to see people, he knew a few securities that his firm happened to like, just about well enough to skip over their highlights lightly; and contributing to his failures more than anything else, we believe, was the fact that he didn't know where he was going, or why. He just splashed all around and got exactly nowhere.

The moral of this little piece is: There is business around today—plenty of it—but you must have constructive ideas for getting hold of the angle you wish to exploit and then one must work along certain definite and proven lines to achieve the desired end in view. Next week we will offer a concrete plan for going out and getting business which is based upon these fundamentals. It will consist of two instalments; the first one will appear next Thursday.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1341)

information that buying of common stocks will protect us. While this may be partially true the question of timing is more important. It is here where the trader comes into his own. He is not concerned with involved balance sheet analysis. He buys stocks because the technical signs point up and sells them when technical signs point down. He knows it's poor satisfaction to buy the right stock in a wrong market. And patience is a virtue which has little place in the trader's business. I am quite willing, for example, to stay with a stock for weeks, even months, so long as it (and the market) shows more up. But I'm not going to be married to it and put up with its vagaries if the signs which originally led me to buy it (or recommend it) over around. Of course I always face the possibility the market may change and go on up leaving me with nothing but memories. But that's a chance I've taken before and being human I'll take again.

* * *

Now about your stocks: Air Reduction bought at 30; half profits taken at 35, is now about 36. Hold it if you want to but stop at 34. Allis Chalmers bought at 23, half profits recommended (last week) at 26, is currently about 26¾. Hold rest but keep stop at 24. Crane bought at 12, currently at 13⅞, should be sold at 14 or better with a stop at 13. International Harvester bought at 43; half sold at 50, is now 51½. Hold but stop at 48.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

U. S. Supreme Court Opens 1942-43 Term

The U. S. Supreme Court opened its 1942-43 term on Oct. 5, all the members being present, except Justice James F. Byrnes, who resigned just before the convening of the Court as a result of his appointment by President Roosevelt as Director of Economic Stabilization. Official announcement of the resignation of Justice Byrnes was made by Chief Justice Stone who in part said:

"We wish for him all success in his new and arduous undertaking and that he may find in it that durable satisfaction which is the true reward for a great task greatly performed."

The Associated Press in its account of the opening of the new term said:

"Chief Justice Stone also formally announced 'in deep sorrow' the death July 18 of the retired Justice George Sutherland and accepted for the court a bust of the late Justice Louis D. Brandeis presented by the American Bar Association.

"The rest of the opening session, which lasted just fifteen minutes, was devoted to admitting to practice a score of attorneys, some of them in the uniforms of Army and Navy officers."

The naming of Justice Byrnes to his new post was referred to in our Oct. 8 issue, page 1273.

Small Business To Get Loans For War Work

The Board of Directors of the Smaller War Plants Corporation, in a statement of policy issued Sept. 30, said that in making loans to small manufacturers its main consideration will be whether the money will bring about a quicker termination of the war.

The Smaller War Plants Corp. was organized by Congress with a capitalization of $150,000,000 designed to finance small firms for war work. It supplements the Smaller War Plants Division created within the War Production Board, with Lou E. Holland as head.

The director's statement said:

"As we understand it, our Corporation was empowered to make loans to smaller manufacturers desirous of engaging in war work, because these small plants often need financial assistance that they can't get through ordinary banking or Government channels.

"The Corporaption's objective is to expand and speed up war production and to strengthen our war economy. With this objective always before us, the first question we ask ourselves when considering an application for a loan is:

"'Will this money help kill a Jap or a German; will it help save the life of a United Nations soldier, sailor or airman; will it help win the war sooner?'

"If the answer to that question is a definite 'Yes,' the application has a pretty fair chance of acceptance.

"Obviously, we must give attention to the usual banking considerations and be able to see a reasonable prospect that the borrower will repay the loan—but we are not going to insist on gilt-edge security."

Under date of Sept. 27 it was indicated in Washington advices to the New York "Journal of Commerce" that approximately $6,000,000 worth of war contracts have gone to small business in the past fortnight through the efforts of the Smaller War Plants Division of the War Production Board. Frank Smith, head of the engineering section of the Division, made the announcement in giving details.

In our Oct. 1 issue, page 1186, we noted that Mr. Holland had made known the creation of a Board of Consultants to serve in an advisory capacity to the smaller War Plants Division and also to the Smaller War Plants Corp.

UNION
Trusteed Funds, Inc.
UNION BOND FUND "A"
UNION BOND FUND "B"
UNION BOND FUND "C"
UNION PREFERRED STOCK FUND
UNION COMMON STOCK FUND "A"
UNION COMMON STOCK FUND "B"
UNION FUND SPECIAL
Prospectus covering all classes of stock on request
LORD, ABBETT & CO.
INCORPORATED
63 Wall Street, New York
CHICAGO JERSEY CITY LOS ANGELES

Investment Trusts

NOW WE SHALL SEE

"Times change—and we ourselves change with them." So runs the opening line of an old Latin poem. And, certainly, it holds true for the sales problems of the open-end investment companies.

To anyone who has followed the activities of investment company sponsors in recent years, a conscious groping toward the solution of these time-wrought changes in sales problems is quite evident. It is most noticeable in their sales literature. From the stilted financial brochures and the oft-times flamboyant "character" booklets of the late Twenties and early Thirties, there has been a gradual, somewhat hesitant trend toward the adoption of professional advertising techniques.

In viewing this development, many financial men have solemnly shaken their heads and said that "securities just couldn't be sold that way." At last the field will have the opportunity of "sitting in" on a fair test of this question.

Hugh W. Long & Co., always in the forefront with innovations in sales literature, has just released a "broadside" on the aviation series of New York Stocks which breaks cleanly with the traditional in investment company descriptive folders. From the standpoint of the professional advertising man, it is a finished job. It's as smooth and exciting and full of interest as a broadside on De Soto automobiles or Real Silk hosiery.

Whether this type of sales literature is adaptable to the securities business has been a burning question for a long time. At last we shall see.

* * * *

Lord, Abbett's "Union Dealer" for Oct. 9 lets the record of Union Bond Fund "C" speak for itself. Here it is:

	Offering Price
December 31, 1941	$5.12
October 8, 1942	6.08
Increase	$0.96
Dividend	0.28
Gain in 9 months 8 days	$1.24
Percentage gain	24.2%

"According to our records," states the bulletin, "this gain exceeds that of any other comparable fund during the same period."

* * * *

The Oct. 8 issue of Calvin Bullock's "Bulletin" discusses "Stabilization" and from the development draws favorable conclusions for investors.

Purchases of Dividend Shares in the first 9 months of 1942 are reported 44% greater on a dollar value basis than in the same period of 1941.

Portfolio changes in Dividend Shares during September were as follows: New additions: Chesapeake & Ohio and National Steel—Increases in holdings: American Telephone, Commonwealth Edison, General Motors, Great Western Sugar, Glidden, Parke Davis, Reynolds Tobacco "B," Safeway Stores, and Timken Roller Bearing—Decrease in holdings: Eastern Air Lines and International Harvester — Eliminations: Goodrich and National Distillers.

FUNDAMENTAL INVESTORS · INC
PROSPECTUS MAY BE OBTAINED FROM AUTHORIZED DEALERS
or from
HUGH W. LONG and COMPANY
INCORPORATED
15 EXCHANGE PLACE JERSEY CITY
634 SO. SPRING ST. LOS ANGELES

The Keystone Corporation in its current issue of "Keynotes" points out that when an investor goes to war he necessarily takes from his own interests and the interests of his family "five indispensables." They are listed as:

1. His own experience and judgment.
2. His continuous attention.
3. His ability to act.
4. His opportunity to replace present advisers (who may become unavailable for one reason or another).
5. His protection for his family.

The bulletin concludes that "This is a problem facing many Americans today—and one that will face more."

"The solution is to find a well-established organization possessing experience, continuity and an adequate staff to protect his investments, whether he is in Iceland or Australia or Washington. It should be restricted by adequate protective provisions and yet flexible enough to meet family requirements under changing conditions.

"Failure to provide adequate supervision for investments will invite added worry and possible serious loss."

* * * *

Manhattan Bond Fund in its Oct. 1 report to shareholders points out with gratification that the net assets of the fund as of that date had passed the ten million dollar mark for the first time.

* * * *

"Abstracts," issue of Oct. 8, discusses the "Policy and Performance" of Affiliated Fund over both a long-term and a shorter period extending up to the present.

The policy was "to offset the leverage factor during a period which we felt would witness lower security prices" and "rather than keep the funds fully invested . . . to go partly into cash—and to return a part of this cash to the stockholders in the form of dividends." During a period of rising prices, on the other hand, the policy is to limit dividends to net investment income available so that all capital funds can be put to work for the investor.

(Continued on page 1349)

Municipal News & Notes

The principal development in the municipal bond market during the recent week, and, as a matter of fact for some time past, was the action of the Senate, on Oct. 8, in rejecting by a vote of 52 to 34 the recommendation of its Finance Committee to tax the income from all State and municipal bonds issued after Dec. 31 of this year. The proposal was included in the Senate Committee's version of the new tax bill as passed by the House. The House Ways and Means Committee, despite the clamor raised by the Treasury and the repeated requests of President Roosevelt, had refused to approve any change in the existing status of municipals with respect to their exemption from Federal taxation. The demands of the Administration called for the taxation of both outstanding and future issues.

The Senate Committee sought a compromise by limiting the Federal levy to future issues. However, the opponents of any change in the status quo, both in and out of Congress, have steadfastly refused to make this apparent concession, as they are unyielding in their contention that tax immunity is established in the Constitution and any change can only be effected by way of a Constitutional amendment.

In addition, the so-called compromise on this highly controversial question was viewed with marked suspicion even by those who favor the taxation of new issues. They characterized it as an attempt of the Federal Government, as one Senator expressed it, to "get its nose under the tent" as a means of ultimately subjecting by Congressional action the approximately $20,000,000,000 of outstanding State and local bonds to taxation.

Following the vote on the amendment to strike the Finance Committee's proposal from the revenue bill, offered by Senator Harold Burton, Ohio Republican, the Senate rejected a provision which would have waived the right to claim exemption from State income taxes for the income derived from future Federal issues.

The Senate's rejection of the proposal to tax future municipal issues seems to have killed the possibility of any such provision being incorporated in the current tax measure. It would appear to be entirely premature, however, to assume that the question has been permanently resolved. Indeed, dispatches from Washington recounting the negative vote in the Senate, clearly indicated that the Treasury would renew its efforts to tax municipals when its next revenue measure comes before Congress shortly.

At that time, it is held, a reversal of the Senate attitude is entirely possible, particularly in view of Senator George's reported statement during debate on the issue that while he always has doubted the power of Congress so to tax, he now believes it should proceed to include municipal bond income within the tax structure and let the Supreme Court decide the issue.

He said this vote was justified in wartime when every possible sources of income was required, however small compared with the over-all deficit, and Congress therefore was warranted in overcoming its reluctance to use the more doubtful powers of taxation.

Probably in recognition of the possible early revival of the whole question, the response in municipal circles to the Senate vote was not exactly of an exuberant nature. True enough, a slight increase in trading activity developed, attended by a nominal increase in quotations. Then, too, a number of offerings previously in the market were withdrawn. However, the tendency all along the line was to refrain from interpreting the vote as a complete "victory" and to act accordingly.

War Seen As Aid In Local Debt Picture

New York City Comptroller Joseph D. McGoldrick, speaking before the financial section of the 37th annual meeting of the American Life Convention at the Edgewater Beach Hotel in Chicago recently, declared that the war period presented a "real opportunity" for the nation's cities to place their "financial households in order." Local revenues, he averred, can be expected to remain relatively stable during the period, although the States, because of the gasoline and rubber situation, can be expected to suffer substantial losses in highway revenues. Mr. McGoldrick said there was a possibility of the Federal Government guaranteeing the States amounts equal to receipts they obtained in 1940 or 1941 from gasoline and motor vehicle taxes. A system of Federal guarantees, similar to that in effect in Canada, may be effected, he asserted.

The speaker cited the marked decrease in new municipal bond borrowings and observed that existing indebtedness was being retired at a faster rate than new obligations were being issued. Mr. McGoldrick was quoted as saying that New York City would not issue any new bonds in the wartime period.

Asked to comment about the prospect of toll revenue bonds, McGoldrick is reported to have expressed the view that the various authorities issuing toll revenue bonds should have no difficulty in meeting interest charges, but that the "pinch" would be felt when they were faced with maturities on the principal.

Mr. McGoldrick was inclined to regard the deferring of maintenance because of inability to obtain materials, the possibility of higher cost of supplies and enlarged salary costs as new problems facing the cities.

After the war, a reversal of current trends will result, he declared, and a demand will be made for public improvements. New York, he said, already has begun work on a postwar program, and that this plannnig will continue for the next two years. He added that the city hoped to be ready to proceed with the program within 60 days after termination of the war. The extent of the program will be determined by the amount of money available and the extent of a federal subsidy.

Asked for comment on the imposition of a payroll tax to take the load off real estate, Mr. McGoldrick said suburban immigration was a problem to municipalities. Some reasonable means must be found, he asserted to reach people for taxing purposes who enjoyed all the benefits of cities but lived in rural areas. It might be, he added, that the payroll tax would be the solution.

Calif. Toll Authority Hastens Debt Redemption

Progress made by the above authority in retiring its outstanding bonds at a rate above normal requirements is reflected in a recent report made by Frank W. Clark, Secretary of the Authority and Director of Public Works of the State. The report, it was said, disclosed that $10,154,000 of the original $73,000,000 bonds issued in connection with construction of the San Francisco-Oakland Bay bridge, have been redeemed through open market purchases, although only $440,000 actually had matured.

FLORIDA

FLORIDA
MUNICIPAL BONDS

Our long experience in handling Florida issues gives us a comprehensive background of familiarity with these municipal bonds. We will be glad to answer any inquiry regarding them at no obligation.

R.E.CRUMMER & COMPANY
INVESTMENT SECURITIES
1ST NAT BANK BLDG CHICAGO ILLINOIS

The report from Mr. Clark showed that $7,247,000 face amount of the bonds had been redeemed up to Feb. 28, 1942, the close of its last fiscal year, at a cost of $7,534,104. Of the face amount of bonds redeemed, $2,350,000 were term bonds and $4,897,000 were serial obligations. Since Feb. 28 an additional $2,907,000 face amount of bonds have been retired.

The authority has purchased the bonds in the open market for retirement. Funds for this purpose have come from a reserve that has been built up.

The authority in the first eight months of the year obtained $3,798,854 in toll collections from the bridge, as compared with $3,421,044 in the same comparative period of 1941.

The annual report for the year ended Feb. 28 showed that the San Francisco-Oakland Bay bridge division had total revenues of $5,928,335. Expenses amounted to $51,209 and interest on bonds was $2,667,860, leaving a surplus for the period of $3,209,266.

Municipal Default Conditions Largely Remedied

The conditions which resulted in defaults on their obligations by a proportionately small number of States and local subdivisions in the early 30's have since been greatly eliminated and it is probable that repetition of the default exeprience of the past decade will be largely avoided. This view is set forth in the report just issued by the Bureau of the Census under the title "Property Taxation 1941," which also observes that the subject of municipal defaults has been over-emphasized and that at the present time these delinquencies have been largely remedied.

"While serious in some parts of the country, the extent of defaults by local governmental units was never high as compared with other lines of private industry," the report adds. This is a fact, incidentally, that is usually ignored in considering over-all debt record of States and municipalities.

The causes of defaults were many, the Census Bureau says, and included unusual demands for financing needed public improvements in rapidly growing areas, unemployment relief payments, inflated valuations from premature real estate development, and closed banks. "A cure was promptly effected, however, through refinancing of the debt by spreading the maturities to the immediate relief of the taxpayer." With reference to the question of defaults, the report observes as follows:

With assessments now more generally based on an estimated capitalization of the normal income of property, lower interest rates, budgetary provision for uncollected taxes, normal tax collections, and a more alert supervision of municipal finances both locally and at the State capital, it is probable that repetition of the default experience of the past decade will be largely avoided.

Mobile To Redeem Maturity Without Refunding

In the "Chronicle" of Oct. 5, on page 1193, there appeared an item regarding the high price commanded for Mobile bonds as reflected in the recent offer of a Birmingham investment house to sell to the city a total of $280,000 of 3½% refunding bonds of 1940 at a reported price of 107.30. The report, taken from a local newspaper, recounted that veteran city officials could not ever recall when general obligation city bonds sold for more than 105 and observed that it was not so many years back when the bonds brought slightly more than 40.

With reference to the item in question, we are advised by Robert S. Bacon, Assistant Vice-President of the First National Bank of Mobile, that the city has officially announced its intention to retire in cash, and without a refunding issue, the $100,000 5% sewer bonds dated Nov. 1, 1912 and due on Nov. 1, 1942. As a result of this redemption, we are informed, Mobile's outstanding general obligation debt will be $9,865,000 as against a high of over $13,471,000 on Oct. 1, 1936.

"This substantial debt reduction," according to Mr. Bacon, "has been accompanied by almost phenomenal growth, the Chamber of Commerce estimating there are now 125,000 people within the city limits, 185,000 in Mobile and suburbs, as against 60,000 in 1930."

Would Ban "Free Riding" On Golden Gate Bridge

Two bills proposing to discontinue free use of the Golden Gate Bridge during the war and for six months thereafter were introduced recently in the House by Representatives Clarence F. Lea (D., Calif.) and Richard J. Welch (R., Calif.) They are H. R. 7667 and H. R. 7670.

Representative Lea said enactment would help meet the bridge's yearly debt of over $200,000 by exacting tolls amounting to $285,000 a year from an estimated 14% of the traffic now using the bridge toll-free as Government workers.

He said during recent conferences with officials of the Maritime Commission—which has prepared 10 buses to transport workers to the Sausalito shipyards—that the officials said they would insist in the toll-free privilege for such workers as long as it was granted other Government workers, but would be glad to cooperate with Golden Gate authorities in paying tolls if they also were required of other Government workers.

N. Y. Counties To Reduce 1943 Budgets

County budgets for 1943 will show reductions, almost without exception, the Citizens Public Expenditure Survey has predicted. The prediction was based partly on replies to a recent letter which L. Richard Guylay, Executive Vice-President of the Survey, addressed to chairmen of county boards of supervisors and partly on reports of spending trends from other sources in the counties. Many of the replies from chairmen contained reports of economy practices which have been put into effect for the dual purpose of conserving revenue resources and aiding in the war effort.

"If there are exceptions to the general trend toward reductions in county budgets, they will be rare and due to unusual conditions such as increased debt service loads and extraordinary expenditures for such emergencies as repair of flood damage," Mr. Guylay said. "Even in these exceptional instances there are indications that budgets will be held close to the 1942 levels or possibly lowered through reduction of expenditures for other purposes."

"The reductions of budgets should be accompanied by cuts in tax rates," Mr. Guylay continued. "A further automatic reduction in tax rates will result automatically from repeal of the real estate tax for the support of armories which was voted by the Legislature last spring and signed by the Governor.

"Still another factor which should contribute to the reduction of county tax rates is the application to reduction of the tax levy of surpluses accumulated during the current fiscal year. The prospect for such surpluses is indicated by the scope and variety of wartime economy measures which have been put into effect since Pearl Harbor by county governments in various parts of the state. Yet another factor which can be expected to increase surpluses and decrease appropriations for next year is the general curtailment of highway and other construction, except where essential to the war effort, the postponement of purchases of equipment in which strategic war materials is used, and the decline in welfare expenditures."

Taxable Valuations Below Depression Levels

Assessed valuation of taxable property in the United States in 1940 was 11.4% less than in 1932, resulting in a 1941 property tax yield of $4,500,000,000 or 5% less than in the depression year, the United States Department of Commerce said on Oct. 6.

Property taxes in 1941 were collected on the basis of an assessed 1940 valuation of $145,000,000,000. In the same period from 1932 through 1940, values for tax purposes, declined 16% in the 94 largest cities from $66,000,000,000 to $56,000,000,000.

In 1941 property tax collections, made only by State and local governments, amounted to 24.1% of the total $18,600,000,000 in taxes collected last year by Federal, State and local governments.

The 1941 property tax yield was $33.99 per capita, compared with $37.63 in 1932. Nineteen States reported higher taxes in 1941, but 29 had smaller collections than in the depression year.

New Haven Bond Maturing Schedule Heavy

Paul B. Wilcox, Executive Director of New Haven Taxpayers, Inc., speaking recently at a luncheon meeting of the New Haven Rotary Club, declared that the city government will be required to pay off more than half of its $11,000,000 bonded debt within the next five years. Mr. Wilcox was quoted in the local press as saying:

"We will be paying off the debt for the next five years on an average of more than a cool million every year to say nothing of interest charges. Then for 14 more years, we will be paying off the other 50% of our debt." The taxpayers' director urged the Rotarians to organize a committee to investigate city policies and report to the club recommending action.

Louisiana Revives Sales Tax As War Measure

Enacted as a "war emergency" levy, a new 1% sales and use tax on purchases made in Louisiana beginning Sept. 1 brings to 23 the number of states with sales tax laws, the Federation of Tax Administrators reported Oct. 13. Revenue from the Louisiana tax, which was passed by a special legislative session, probably will be used for schools, hospitals and general relief, according to the Governor's message asking its enactment. Louisiana previously had a state sales and use tax but abandoned it in 1940.

The new tax falls on all retail sales, or on the use, consumption, distribution or storage of tangible personal property on which the sales tax has not been paid. The tax is collected from the purchaser, in even cents. Articles exempted include stocks and other securities, farm products sold directly from the farm, gasoline, steam, ordinary water, newspapers, electric power, natural gas and soft drinks.

In New Orleans, which has a municipal sales tax of 2%, a "joint bracket" of collection has been adopted, which brings the tax to three cents on a dollar on articles taxed by both jurisdictions. Two-thirds of the revenues in this case go to the city and one-third to the State.

States now levying sales taxes are, besides Louisiana, Alabama, Arizona, Arkansas, California, Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Mississippi, Missouri, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, South Dakota, Utah, Virginia, Washington, West Virginia and Wyoming.

Use taxes, whose major purpose is to help eliminate tax evasion made possible by crossing a State line to buy in a "taxless" state, are found in 16 states—Alabama, California, Colorado, Iowa, Kansas, Louisiana, Michigan, Mississippi, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, South Dakota, Utah and Wyoming.

War Impact Seen In 1942 State Tax Income

State tax collection figures for 1942 show significant changes in the relative importance of various types of levies as a result of war conditions, according to an analysis by the Federation of Tax Administrators, Chicago.

Collections, also, total the highest they have ever been—$4,920,000,000 for fiscal years ending in 1942. This total is 9.4% more than 1941 collections, 16.8% higher than those of 1940, and 24.7% over 1939.

This year payroll taxes replaced motor fuel revenues as leader in revenue, yielding $1,125,000,000 or 22.9% of total State collections. Motor fuel taxes stood second, with a yield of $906,000,000 for all States, while motor vehicle revenues, yielding $416,000,000, were in sixth place. Decrease in automobile travel late in the fiscal year was reflected in the 0.9% decline in motor fuel receipts and the 3.9% drop in motor vehicle license collections.

Sales taxes amounted to 13% of all State collections this year, contributing the third largest portion of the total. Income taxes contributed 10.6%, business and occupational licenses 10%, liquor taxes 5.1%—all approximately the same as the previous three years. Property and inheritance tax collections, on the other hand, have declined in relative importance—the former from 6.3% in 1940 to 4.8% in 1942; the latter from 2.8 to 2.2% in the same period.

The most marked increase in total State collections this fiscal year was 31.7% in tobacco taxes, followed by 22.8% in income taxes—both individual and corporate. Corporate income taxes themselves showed a rise of 67% during the year, due to the war program. Payroll, liquor and general sales tax collections increased by 24.5%, 17.2% and 13.1%, respectively.

The analysis was based on U. S. Bureau of Census figures. Figures for seven of the 48 States—those with fiscal years ending between June 30 and Jan. 1—were estimated by the Federation.

Montana Finances In Strong Condition

That the past six years have brought about a marked improvement in the State's operating finances is evidenced by the fact that on June 30, 1938, after nearly 20 years in the red, the State general fund had a balance of $111,859, as compared with June 30, 1937, when the state general fund had an overdraft of $381,392. By June 30, 1942, the geenral fund balance stood at $2,403,650.89, according to the Montana Taxpayer.

"On June 30, 1937, the state general fund had an overdraft of $381,392. On June 30, 1938, after nearly 20 years in the red, the state general fund had a balance of $111,859. The following year the balance was about the same, but by June 30, 1940, it was $404,359, and on June 30, 1941, $413,668," the Montana Taxpayer states.

"During the past year, due to remarkable collections of delinquent property taxes, greatly increased individual and corporation income taxes, and the fact that the various boards, offices, commissions, and state agencies spent $317,740 less than was appropriated, the balance in the State general fund increased to $2,403,650.89 by June 30, 1942.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over—short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

(Ed. Note—Very few municipal bond issues of major size are scheduled for award in the near future. With expenditures for local improvements held to bare necessities by the demands of war-time policies, the prospect naturally is that for some time to come the amount of new issues coming to market will be small.)

October 15

$679,000 Bridgeport, Conn. At previous sale successful bidder was Lee Higginson Corp., New York, the next best bidder being the Harris Trust & Savings Bank-Northern Trust Co., Chicago, account.

October 22

$1,575,000 Reading Housing Authority, Pa., refunding bonds.

October 23

$1,905,341 Panama City, Fla., refundings offered in connection with refinancing of outstanding indebtedness.

Our Reporter's Report

(Continued from first page)

market levels, will lead to something in the way of new business.

That phase of the situation is expected to react most favorably on the railroads which have been most active in sponsoring the change in the law.

If the retirement provision carries through conference without change, corporations seeking to buy back their bonds at discounts, would be able to do so and be tax exempt on the indicated capital gain, without first taking a "pauper's oath" as is now required.

Improvement which has marked the carrier bond list, particularly in the obligations of receivership roads is viewed as directly traceable to this shift.

Alabama, Great Southern

Within a fortnight the Alabama, Great Southern Railroad will open bids for the sale by it of $9,500,000 25-year 3¼% first mortgage bonds.

Bankers point to this as an indication that a certain amount of business may be expected to develop in spite of trying circumstances.

Prospects favor brisk bidding for the Alabama's offering, with indications that at least three and possibly four groups will seek the bonds.

Treasury Sets Rate

Unless Secretary of the Treasury Morgenthau experiences a change of heart and accepts counsel of his banking advisers, it is now quite definitely established that the rate on war bonds such as sold last week, will remain at 2%.

Bankers are known to have suggested a 2¼% issue on the last occasion, but the Treasury stuck fast to its 2% rate, even though there are inklings that Federal Reserve people also leaned to the higher coupon.

Presumably banks, which have been the big buyers of war securities, would be willing to accept a slightly more distant maturity in return for the better yield.

One Course Left

Now that the Senate, along with the House has turned back Administration efforts to end the tax exemption which municipal obligations have long enjoyed, the wonder is what direction the next move to break down that barrier will take.

The Administration, it is apparent, is determined by one means or another to end the privilege of political subdivisions in that respect, as a means of increasing Federal revenues, among other things.

It appears now, however, as though the only avenue remaining open to its accomplishment is direct recourse to a constitutional amendment and the time that such precedure requires.

Urge Delaying Proxy Changes Until Peace

Declaring that the revisions in proxy rules proposed to the Securities and Exchange Commission by its general counsel will not promote simplification or greater protection to the small stockholder, an interim report made public by the Chamber of Commerce of the State of New York on Sept. 26 urged further consideration by the Commission and recommended that any revision should be delayed until the end of the war. The report, which was drawn by the Special Committee on Corporate Management of which William de Krafft is Chairman, expressed the opinion "that such abuses in corporate management which may have been practiced in years past have been corrected, and that there now remains no flagrant abuse of the trustee character on the part of great corporations in which the public at large has invested its funds."

Pointing out that the war and the growing shortage of skilled help had placed additional burdens upon corporate management, the Chamber Committee said it favored any revision of the proxy rules by the SEC which would tend toward their simplification.

The report which was adopted by the Chamber on Oct. 1 criticized the proposed inclusion in proxy statements of all salaries, saying it would benefit competitors and persons not interested as stockholders and in many cases would create "internal dissatisfaction and controversial gossip."

Referring to the proposal to include activities of the corporation with the financial statement in proxies, the report said that the change was impractical and would duplicate rather than simplify the burden of preparation for stockholders' meetings, adding that "it is unfair to place on honest management excessive burdens in attempting by changes in the proxy rules to control an inconsiderable percentage of dishonest managers." The report also criticized the provision which would entitle any stockholder, no matter how small his holdings, to include an unlimited number of resolutions in the proxy statement and to nominate directors in addition to those named by the management. Commenting upon the proposal that stockholders must express by ballots their approval or disapproval of each item of business to be brought before an annual meeting, the report said that this change might make it impossible to obtain quorums for annual meetings.

Canadian Industrial Activity Rises More

An increase in industrial activity is again recorded by the index of the Canadian Bank of Commerce, Toronto, which rose from 180 at mid-August to 182 at mid-September (1937=100), with the percentage of factory capacity utilized remaining at 121, according to A. E. Arscott, General Manager. "The main factor in this increase was the rise in the food group, chiefly on account of the seasonal activity of the canning industry and, to a less extent, that of flour-milling; meat-packing declined," Mr. Arscott continued, adding that "the clothing group as a whole was unchanged, the seasonal increase in the women's clothing industry being offset by slight decreases in other items. Pulp and paper declined, as well as other wood products; saw-milling was less active than the month and the year before, and there is evidence of a smaller output of a number of domestic articles made from wood.

"Moderate to slight declines occurred in the automotive and the other iron and steel trades, although all sections were more active than a year ago. Non-ferrous metal-working was higher, mainly because of the upward trend of the electrical trade, now largely engaged on government orders.

"Our wage payroll index declined from 204 (revised) for July to 201 for August, which was also the June level. Manufacturing, mining and trade payrolls were lower, but there was an upward movement in logging, construction and transportation."

Glass Securities Look Good

The effect of present and post-war conditions on the manufacturers of flat glass, with particular reference to the situation of Libby-Owens-Ford Glass Co., is discussed in detail in a recent circular issued by E. F. Hutton & Co., 61 Broadway, New York City. The outlook for such manufacturers is considered not to be unfavorable, even with the possible competition from various new-type plastics which have been making rapid strides. Copies of the circular, which contains some interesting conclusions, may be had from E. F. Hutton & Co. upon request.

Shuldiner Is Curb Member

Henry D. Shuldiner, partner of the New York Stock Exchange firm of Shaskan & Co., 40 Exchange Place, New York City, has been elected to membership on the New York Curb Exchange.

This is a Long Distance Cable

Its circuits are throbbing with war messages.

Please stay off the lines to centers of war activity unless your call is vital.

Don't get in the way of the war. We need to win it as quick as we can.

"I'd build more telephone lines if I could. But vital materials are going to war these days."

BELL TELEPHONE SYSTEM

UP-TOWN AFTER 3

PLAYS

"The Eve of St. Marks," a new play by Maxwell Anderson. Produced by the Playwrights Company at the Cort Theatre, N. Y. Cast: Aline MacMahon, William Prince, Mary Rolfe, Matt Crowley, James Monk, and others. Directed by Lem Ward. Sets by Howard Bey.

The first contribution to the theatre of a mature play to deal with the war and the part played in it by ordinary Americans comes from Maxwell Anderson, who was the co-author of "What Price Glory." Yet, in spite of its timeliness and forgetting for the moment that "The Eve of St. Marks" packs a terrific emotional wallop, it is not a great play. For while it deals realistically with a subject of personal national interest, and well too, it also has bits of theatrical hokum which detract from the picture Mr. Anderson paints for us. But if his dream transference scenes are unreal then his reproductions of life in the average American family, their customs, habits, the things they talk about, are as genuine as anything can be. Its appeal is universal. Many American families have already received War Department messages in which the terse words, "Missing in Action," appear not to understand the agony they carry. The story deals with a farm boy turned soldier; his furloughs home to his family, and his courtship of a neighbor's daughter. It ends with his stand on a lonely Pacific Island when he and his mates are faced by overwhelming odds. It is a grim tale. Yet "Eve of St. Marks" is not entirely a grim recital. In its overtones can be found some of the best laughs in town. Mr. Anderson knows his American soldier too well to paint him as a Rolloboy full of ideals. His characters are of flesh and blood. The draftees relieve their training ennui with loud crap games, are vitally interested in the girls at the local juke joints and discuss their experiences in salty terms. The most moving scenes, however, are those showing the folks back home on the farm or in their kitchen. It is then the play becomes a mirror of American life. Its very simplicity strikes responsive chords. Aline MacMahon is a warm and sympathetic mother. William Prince, as the son, does a realistic job. Mary Rolfe, as his girl, is radiant. As a matter of fact, the entire cast is excellent.

MOVIES

"A Yank At Eton" (MGM) tries to prove the English, despite the old school tie, are really solid citizens who play the game. The guy who finds it out is Mickey Rooney and his little sister. Their mother, on a trip abroad (this is before the war), meets and marries an Englishman. The children are sent for. Mickey, with a reputation as prep school football player, has his heart set on Notre Dame and takes to England and Eton as a cat takes to water. He finally makes a go of it after taking his lumps as the fresh American. A pleasant picture about how to play the game in order to succeed. It will have the younger set splitting their hands. Oh yes, you will see Freddie Bartholomew as a tall, gangling youngster. **"Eyes in the Night"** (MGM) brings back the blonde Ann Harding to play opposite Edward Arnold, who is the blind sleuth who, together with his seeing eye dog, foils the Nazi spy ring. A fair thriller. **"Iceland"** (20th Century Fox) may be an ice-covered rocky outpost but not according to this movie. For when a U. S. Marine outfit, boasting such members as John Payne and Jack Oakie, lands on its bleak shores it finds not only a bevy of gorgeous showgirls headed by ice skating Sonja Henie (they are constantly putting on ice skating extravanganzas for the boys) but also Sammy Kaye and his orchestra to liven things up a bit. If that isn't enough, the Icelanders also have quaint marriage customs to keep the boys in hot water. If the story seems like something marijuana addicts have cooked up the music is catchy.

AROUND THE TOWN

The Hotel New Yorker (34th & 8th Ave.) celebrated the return of Benny Goodman and his orchestra by changing its ice show to something called "Arabian Nights On Ice." Why it was necessary to change only the management knows. For its current spectacle, though pretty enough so far as costumes and skating agility is concerned, can't compare with its previous show. However, Bob Russell, who is good enough to hold anybody's attention, is still there singing pleasantly and trying hard to make the show run smoothly. He's in there making like an Aladdin. But even an Aladdin complete with magic lamp can't make it. Benny Goodman is still the same Benny Goodman. People continue to jam around the bandstand to hear him give out. Though with the loud speaker system pitched to its loudest, I can't see why. . . . **The Versailles (151 E. 50th)** also has a new show, leastways new to me, something named "Life Without Men." The girls are pretty. The costumes look very expensive. But all I can tell you about it is it's not too loud to interfere with your enjoying the excellent Versailles cuisine. . . . Now that Fefe (Felix Ferry) is in the Army, Gene Cavellero, who owns the Colony, is in full charge of the **Monte Carlo (E. 54th St.)**. On Oct. 22nd Gene plans to open the fall season with a room calculated to knock your eye out. According to Franklyn Hughes, decorator, the place will be one solid mass of mirrors. Ceiling will be a brilliant blue and here and there will be something called fire engine red set off by white moss fringes. Boy! oh boy, does that sound like a place in which to get stinko! !

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Greets Chinese Envoy

The new Chinese Ambassador to the United States, Wei Tao-ming, presented his credentials to President Roosevelt at the White House on Oct. 6. He assured the President that the Chinese Government and people would continue to do "their full part in this global struggle for the preservation of civilization, and when victory comes will gladly share in the heavy responsibility of fashioning a just and lasting peace."

In greeting the new envoy, President Roosevelt paid high tribute to the Chinese people for their "more than five years of heroic warfare against a ruthless enemy." He also told Dr. Wei that "there is no easy road to victory" but assured him that both countries "can look forward in confidence to ultimate and complete victory over our common enemies and to achieve a peace that shall endure."

Dr. Wei succeeds Dr. Hu Shih, who has been recalled to become a special adviser to the Chinese Cabinet; referred to in these columns Sept. 24, page 1098.

The Stock Market

The market "went over the top" last week and has continued its advance in impressive fashion. Following the late April low point of around 93 in the Dow-Jones Industrial Stock Average, prices rallied to around 109 by early July, then sagged well into August when they started edging upward again toward the July peak. Ability to push through this resistance point on relatively heavy volume, as demonstrated last week, was heartening to investors generally and impressive to market technicians. As usual, a varied assortment of reasons is being advanced to explain the market strength.

As we view the situation, these reasons boil down to the following:

Taxes and Earnings

Senate passage of a "reasonable" tax bill has turned pessimistic fears with respect to the outlook for corporation earnings to moderately optimisitc hopes. The 40% base rate plus the 90% excess profit rate, with a 10% post-war credit and an 80% over-all tax ceiling, gives assurance that a "reasonable" level of corporation earnings will be maintained. And even if the base rate were upped to 45% by joint congressional committee action, the serious impairment of earning power indicated by the extreme Treasury proposals would not occur. In short, the tone of tax discussions in Washington and the general provisions of the bill now nearing enactment indicate that while excessive earnings are to be siphoned off by the government, reasonable earnings, as judged by normal standards, are to be preserved.

Carrying the reasonable earnings through to dividend payments and translating such payments to yield figures, a comparison with bond yields shows an extremely abnormal disparity. And while the market was reluctant to recognize this disparity when apprehension over tax proposals was in the air, it is natural that it should begin to reflect such recognition now that the worst has been made known and digested with respect to taxes and a constructive bill is nearing passage.

Inflation Control

Long a bogey in the minds of investors, the subject of inflation has recently developed a new twist. When inflation first threatened, it was generally (and still logically, from a long term standpoint) felt that common stocks provided one of the most effective and convenient hedges against its consequences. But as taxes were increased and labor costs began climbing, the fear developed that corporations would be robbed of their earning power. These fears were fed by the fact that initial attempts at inflation control centered around corporate business in the form of increased taxes, price controls, raw material allocations, etc. Thus fears grew that common stocks would be adversely affected during a period of inflation, at least as long as controls were centered exclusively around them.

The new twist is simply that with the broadening of inflation controls to cover wages and other business costs, the position of corporations and, in turn, common stocks is greatly improved. If wages are to be held down along with prices, etc., then the threat that corporation earnings will be squeezed from this quarter is largely removed. And with tax rates established at approximately ceiling levels, the prospect is that *along with* prices, wages and other costs, corporation earnings are likewise to be frozen at around present levels. The significance of this lies in the fact that the present level of earnings is capable of supporting substantially higher stock prices.

Thus, while "inflation" has lost much of its old potency—at least from a short-term standpoint—as a reason favoring the purchase of common stock, *inflation control* is emerging as a logical and compelling reason for such action.

The War

It is now fairly well demonstrated that investment sentiment has developed a strong immunity to adverse war news. All summer, while the Nazis pushed on into Russia, occupying most of the Ukraine and getting well into the oil region of the Caucasus, and while Rommel drove the Allies clear across Northern Africa virtually to the gates of Alexandria, the stock market has been trending gradually upward. As stated in "Brevits" several weeks ago, this action of the market in face of adverse war news suggested that long range investment sights were being set beyond the war itself to the peace to come on the assumption that the United Nations would eventually be victorious even though they might experience further setbacks before the tide would turn in their favor.

On the other hand, *good* news from the war fronts may well become increasingly important as a constructive market influence. The logic of this is simply that the prospect of peace holds the promise of a return to normal peace time stock price levels. And as the market is now substantially under such levels, it is reasonable to expect market strength to develop on news of events that enhance the prospect of victory.—*W. F. Shelley in Massachusetts Distributors "Brevits."*

Why The Stock Market Should Do Better

Before turning to things to come, we would like to point out what we consider to be some of the realities of things as they are. To our way of thinking there are only three types of people who can honestly feel unhappy over the way the stock market has acted during the summer: (1) The person who always feels unhappy over how it acts; (2) the old-line speculator who must have big swings in big blue chips to turn what he considers an honest penny; (3) The straight commission broker whose business is so closely geared to volume that he hasn't a chance to make his honest penny unless trading is clipping along at anywheres from half a million to a million shares a day. Faced as it has been by bad military news, by prospects of enormous new taxes, by further grave dislocations to our economy, the stock market, as measured by the Dow-Jones Averages, has turned in a remarkable performance. And if one looks beyond the averages to the movements of individual issues, it will be discerned that ample opportunities for profit have existed even this year. In addition, the patient holder of stocks has received what in any other time would have been considered a very fair return upon his captial.

Having seen the market hold together thus far, it is difficult to see it collapsing in the future. We are inclined to believe that the only cause of such a collapse would be a combination of tremendous military set-backs so grave that American industry and individuals would be called upon to make sacrifices of individual rights and property such as have not yet been seriously discussed. Every day that passes sees such set-backs more remote as the strength of the United Nations increases.

We cannot predict when a real advance will commence, or what particular circumstances will cause it. Certainly any confidence in a maintenance of current earning power would be a factor, and such confidence need not be contingent entirely upon a long war. And while we know we are in the minority, we feel there is a good chance that at some point some of the huge excess income will trickle into stocks. In the last issue of "Life" there was a picture of war workers buying champagne. After the novelty of champagne wears off a few shares of stock might look alluring—especially if they were moving up and we think that even if the ghost of inflation can be laid now, it will again stalk the land when victory seems sure and the debt grows heavy.

A good deal has been written contrasting the movement of the English market (where the uninformed public is again an important factor) and our own. The two are not entirely comparable, but the following quotation from a letter written by one of our London correspondents fits in with our ideas of what will eventually be seen here; "Business with us is very quiet, although markets keep distinctly firm. In comparison with the quotations for good stocks on your market, our prices seem particularly high, but the pressure of money is so great that it is driven into the market, and when one tries to buy the better class industrial investments, one finds a great scarcity of stock as holders do not wish to sell and practically the only stock that does come in comes in through deceased estates which have to liquidate holdings to meet Death Duties."

Stocks, as we believe Andrew Mellon remarked, will fluctuate. Rising markets are built on lack of fear. As time passes and our market refuses to go down a good base of confidence is being established which would favor the chances that the next move will be in the direction all good brokers hope for. — *Washington Dodge, Arthur Wiesenberger & Company.*

More Freight Cars And Locomotives Installed

Class I railroads put 53,695 new freight cars in service in the first eight months of 1942, the Association of American Railroads anouced on Sept. 24. Of the total number installed there were 33.402 box, 17,165 coal, 1,575 flat, 540 refrigerator, 100 stock, and 913 miscellaneous freight cars.

New freight cars on order Sept. 1, 1942, totaled 13,097 box, 17,946 coal, 2,262 flat, 868 refrigerator, 200 stock, and 690 miscellaneous freight cars, or a total of 35,063, as compared with 92,033 on Sept. 1, 1941.

Railroads in the first eight months of 1942 installed 514 locomotives of which 207 were steam and 307 were electric and Diesel. In the same period last year they put 372 new locomotives in service of which 84 were steam and 288 were electric and Diesel.

New locomotives on order Sept. 1, 1942, totaled 861 which included 323 steam and 538 electric and Diesel. On Sept. 1, last year, they had 611 new locomotives on order including 317 steam and 294 new electric and Diesel.

On Home Front In 1918--Will History Repeat?

(Continued from first page)

ments was most difficult. That the task was fully and adequately accomplished constitutes perhaps the most notable achievement of the war in the matter of food conservation. The 1917 wheat crop had been very much reduced, with the result that in the early months of 1918 the possibility of sparing more wheat for export became out of the question unless the domestic consumption was radically reduced and curtailed. The efforts of the Food Administration were therefore directed to that end. By milling regulations under which a greater percentage of extraction was obtained from the wheat in the making of flour; by the enforced use of various substitutes for wheat in flour, and by cutting down by various devices the consumption of all food articles in which flour or wheat was a constituent element, the seemingly insuperable task was accomplished. Simultaneously the Food Administration and the Department of Agriculture as well as private initiative were engaged in inducing farmers to bring the 1918 production up to the highest point possible. Favorable weather with the stimulus afforded by the high Government guaranteed price ($2.20 per bushel for wheat at Chicago) crowned the effort with success and the 1918 yield of wheat in the United States proved one of the largest on record, so that the restrictions upon the use of this cereal could be relaxed even before the signing of the Armistice.

In a statement issued by the Food Administration towards the close of the year and published in the "Chronicle" of Dec. 28, page 2426, a summary was furnished of the really remarkable achievement that was accomplished in the way of the curtailment of the use of wheat. This statement noted that the previous spring the Food Administration had been extremely anxious about the wheat shortage, leading to the promulgation of the regulations intended to cut down the consumption of wheat to the barest necessity in order to meet the needs of the Allies.

With a surplus of only 20,000,000 bushels of wheat, the American people through conservation enabled the Food Administration to ship 141,000,000 bushels of wheat. In spite of this conservation, when we reached the 1918 harvest, there was less than a ten-day supply in America. When the new crop came in, it proved to be very large, but not too large to take care of the needs at that time. It was the desire of the Food Administration not to be caught another season with any shortage of this most valuable foodstuff and, with the idea that it was necessary not only to continue shipments of wheat to Europe but to build up a big reserve for the 1919 spring offensive, the Food Administration continued to ask the people to use wheat sparingly. The signing of the Armistice changed the situation with wheat immediately, just as it did with all measures taken with the needs of a continuing war in view. Wheat supplies in distant countries were made available by the cessation of the submarine menace, and the assurance of a good crop in 1919 undisturbed by war relieved somewhat the necessity of building up as large a reserve as was anticipated.

As an illustration of the extent to which food restrictions were carried we may note that on Oct. 13 a new food conservation program effective Oct. 21 was announced by the U. S. Food Administration, which carried the rule of conservation further even than all the previous regulations to that effect. This was less than a month before the actual signing of the armistice on Nov. 11 (and as a matter of fact negotiations for the conclusion of the Armistice were then already actively in progress) and indicates the extent to which further sacrifices and privations would have been necessary if the war had been prolonged further. It also indicates the desperate nature of the situation at the time. The new regulations applied to every hotel restaurant, cafe, club and dining car service in the country. It may be added that it was estimated that approximately 9,000,000 persons were taking their meals in public eating places. The new regulations were meant to carry into effect the announcement of the Food Administration made the previous month that, in fulfilling the American promise to the Allies to send them an increased tonnage of food products in the new fiscal year, public eating places would be called upon "to undertake in many particulars a more strict program than last year." This announcement of the previous month (which was published in the issue of the "Chronicle" of Sept. 28, 1918, pp. 1246 and 1247) showed that in order to meet the requirements of the Allied armies and civilian needs our own armies abroad, the Belgian relief and certain neutral countries dependent upon the United States, the inter-Allied food program called for the shipment from this country during the twelve months ending June 30, 1919 of 17,550,000 tons of meats, fats, breadstuffs, sugar and feed grains, as compared with 11,820,000 tons in the year ending July 1, 1918. Of meats and fats (beef, pork, dairy, poultry and vegetable oil products) the requirements were estimated at 2,600,000 tons, against 1,550,000 tons; of breadstuffs (wheat and substitutes in terms of grain), 10,400,000 tons, against 6,800,000 tons; of sugar (from United States and West Indies), 1,850,000 tons, against 1,520,000 tons; and of feed grain (mostly army oats), 2,700,000 tons, against 1,950,000 tons.

The new food conservation program, which was designed to supply the 17,550,000 tons of meats, fats, grain, sugar, etc., for export abroad was comprised in twelve "general orders" and the purpose was to bring about a direct reduction in the consumption of food products. This was a change from the series of emergency regulations previously in force with the same end in view, such as meatless and wheatless days and the substitution of one kind of food for another. A reference to the requirements of some of these general orders will indicate their drastic nature. For instance, it was required that no public eating place should allow any bread to be brought to the table until after the first course had been served, that no bread or toast was to be used as a garniture or under meat, that not more than one kind of meat was to be served to a patron at any one meal, that not more than one-half ounce of butter was to be served to any one person at any one meal, that no public eating house was to use the sugar-bowl on the table or lunch counter, and that in no event should the amount of sugar served to any one person at any one meal exceed one teaspoonful or its equivalent. As the Armistice was concluded on Nov. 11 these twelve general orders remained in force only a very brief time.

The foregoing plans marked the culmination and climax of the conservation and restriction program. But from the very beginning of the year the American public was called upon to endure many hardships and trials, all of which it is well enough to say were cheerfully borne in a spirit of patience and patriotism no matter what their nature or how severe the denials they imposed. The year opened at a time of intense cold and amid great snow storms, and the winter of 1917-1918 will ever prove memorable for its rigors. As a matter of fact the winter seems to have been wholly without precedent. Here in New York the mercury in the thermometer dropped to 13 degrees below zero just before the opening of the year—that is on Dec. 29, 1917—which was the lowest point touched in the records of the local weather bureau which run back to 1880, and is said to have been the lowest in 100 years. And this severe cold, accompanied by tremendous snow falls in practically the whole of the eastern half of the country north of the Ohio and Potomac rivers extended through January and into the early part of February. The winter had begun very early (even the previous November had been colder than usual, while the record for December has just been referred to) and this, together with the priority orders given on Government shipments of freight and on the freight orders of contractors engaged on Government work, produced a degree of congestion of freight on railroad tracks at eastern seaboard terminal points absolutely without a parallel. It was this perhaps more than anything else that had impelled the Government to take over control of practically the entire steam railroad system of the country at the close of 1917. The situation would have been difficult enough to handle even under ordinary weather conditions. But with the cold so extreme, making outdoor work very difficult and impairing the capacity of the locomotives, and with snow imposing additional obstacles, the task became almost insuperable.

There was a shortage of coal to begin with, and now the mining and shipping of coal was rendered increasingly difficult at a time when the demand for coal was enormously augmented. Indeed, the scarcity of coal amounted almost to a famine along the Atlantic seaboard, but especially at New York and in New England. The inclemency of the weather made relief from the fuel scarcity all the more imperative and yet all the more difficult to effect. In large measure the scarcity of coal followed from the inability to get loaded cars out of terminal points to the consuming districts. The situation finally became so desperate—ships being unable to leave port because of the inability to get coal, and schools in considerable number being obliged to close up in this city and elsewhere—that extraordinary measures had to be resorted to in the endeavor to furnish relief. Late in the night of Wednesday, Jan. 16, there came the startling announcement that the Fuel Administrator had decided to order the withholding of fuel from manufacturing establishments in the whole of the eastern half of the country for the five-day period beginning Jan. 18 and ending Jan. 22, thus compelling the closing down of such manufacturing establishments, and also to deny the use of fuel not alone to manufacturing establishments but to office buildings, retail stores and nearly all other activities for 10 successive Mondays beginning with Monday, Jan. 21, which formed part of the five-day period. The order applied to every factory east of the Mississippi, including the whole of the States of Minnesota and Louisiana. Previous to this, on Jan. 10, the Fuel Administrator had issued a series of orders calling for the conservation of fuel by industries not absolutely essential in the prosecution of the war.

It proved possible in February to modify the Monday general closing order. On Feb. 8 it was modified to the extent of suspending the heatless Mondays so far as all the States south of Virginia were concerned. General suspension of the heatless Mondays was announced on Feb. 13 so that Monday, Feb. 11, proved the last of the fuelless Mondays instead of March 25 as originally provided. In the suspension order, however, the Fuel Administrator left with the State Administrator power to continue whatever restrictions they considered necessary, and the New England Fuel Administrator felt that conditions were not such as to warrant suspension of the heatless Monday in his territory on Feb. 18. On Feb. 20 he too found it possible to fall in line. The latter part of February—Feb. 25—the order which had been issued by the New York State Fuel Administrator under date of Jan. 1 in regard to lightless nights was rescinded effective March 1. This was the order providing for six lightless nights as regards outdoor illumination. Even then, however, attention was called to the fact that an order from Washington providing for two lightless nights a week, namely Sunday and Thursday, still remained in effect. Lightless nights were not altogether abolished until April 25. On July 19, however, a new lightless night order (effective July 24) with a view to enforcing the conservation of coal was announced. Under this order the use of light generated or produced by the use or consumption of coal, gas, oil, or other fuel for illuminating or displaying advertisements, announcements or signs or for the external ornamentation of any building was discontinued entirely on Monday, Tuesday, Wednesday and Thursday of each week within New England and the States of New York, Pennsylvania and New Jersey, Delaware, Maryland and the District of Columbia and on Monday and Tuesday of each week in all the remainder of the United States. Certain restrictions as to street illumination and public lighting in cities, villages and towns also formed part of the order. It was not until late in the year that all restrictions as to outdoor lighting were discontinued.

In such a general review of the year it would be impossible even to enumerate all the various measures taken to enforce economy in the use of fuel. We may mention, however, that as a gasoline conservation measure the request was made the latter part of August by the U. S. Fuel Administration that the use on Sundays of automobiles, motorcycles, and motor boats be discontinued in the United States east of the Mississippi River until further notice. This action was taken to meet a threatened shortage of gasoline for shipment overseas created by the increased domestic demands and the extensive military operations in France. There was nothing mandatory about the request, though it was stated that only voluntary compliance would prevent the issuance of a mandatory order prohibiting the Sunday use of gasoline. No mandatory order, however, was found necessary. In a pure spirit of patriotism the entire population abstained from the use of motor cars and motor boats on Sundays—the one day of the week when pleasuse of this kind is always so largely indulged in. On Oct. 17 the Fuel Administration announced the withdrawal of this request not to use automobiles, motorcycles and motor boats on Sundays.

We have already indicated the extreme measures that were resorted to in October in order to enforce conservation in the consumption of food products. It seems proper to state that the movement for food conservation was in progress from the very beginning of the year. In fact, it dates back to the previous year. The control of the United States Food Administration over food commodities was considerably extended under a proclamation by the President dated Jan. 10, 1918, and made public on Jan. 14. By this proclamation importers, manufacturers and distributors of a number of essential foodstuffs and cattle fodder were placed under license. On Jan. 26 further steps in the effort to effect conservation in food in order to meet the needs of the Allies were taken when President Wilson made public a proclamation dated Jan. 18 calling for a 30% reduction in the consumption of wheat and also for the observance of new wheatless and meatless restrictions outlined in an announcement made on the same day by United States Food Administrator Herbert C. Hoover. Under the new rules promulgated at that time by Mr. Hoover two wheatless days were decreed—Monday and Wednesday—instead of Wednesday only as theretofore called for; in addition the request was made that one wheatless meal be observed each day. Besides this, wheat substitutes were asked for in the making of bread at home, while bakers, hotels and restaurants were called upon to conform to new requirements in the making of bread; the new product, which was designated "Victory bread," was to contain at the start (Jan. 28) not less than 5% of cereals other than wheat, the amount to be increased until a minimum of 20% of such cereals was established on Feb. 24. Millers were required to increase their milling percentage from 2% to 4% by producing the standard barrel (196 pounds) from 264 pounds of wheat. It was about this time also—Jan. 25—that the discontinuance of trading in January corn on the Chicago Board of Trade was announced, the idea being to eliminate the speculative element as affecting food prices and food regulations. It was in January, too, that wholesale prices for storage creamery butter for New York and Chicago, the New York prices to govern other points in seaboard territory, were announced by the United States Food Administration. In the case

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What *Every Woman* wants to know about a Man . .

. . . that he chooses flowers for her, and Old Schenley, *America's mildest bottled in bond*, for his guests!

First in Quality
OLD SCHENLEY
America's Mildest
BOTTLED IN BOND

Milder! . . Older! . . Better!

Straight Bourbon Whiskey — 100 Proof — This Whiskey is 6 Years Old.
Stagg-Finch Distillers Corporation, N. Y. C.

SIX 6 YEARS OLD
BOTTLED IN BOND
OLD SCHENLEY
Straight Bourbon Whiskey

On Home Front In 1918--Will History Repeat?

(Continued from page 1347)

of meat, too, further restrictions were imposed. Besides meatless Tuesday, already in vogue, the public was asked that one meatless meal each day be observed and that on Tuesday and Saturday no pork products be consumed. The following March 29, in Washington, 500 leading hotel men from all parts of the country pledged themselves to abolish the use of wheat products in their establishments until the imperative need for increased wheat exports had passed.

In February President Wilson issued a proclamation fixing the price for the 1918 wheat crop at $2.20 per bushel, the same as that fixed for the 1917 crop. The price announced was for No. 1 Northern spring wheat at Chicago with a scale of differentials for other markets. Under the Food Control Act a minimum price of $2 had been stipulated for the 1918 crop, but bills were at this time being introduced in Congress to increase the price, one raising it to $2.50 a bushel, another to $2.65 and still another to $2.75. The action of the President was intended on the one hand to head off legislation of this kind which would have operated to upset the Administration's food program, and on the other hand to stimulate spring planting by assuring to the farmer certainty as to the price to be received, the price named being considered adequate for the purpose. The following June, after the Government had put into effect higher freight rates on the railroads, this basing price of $2.20 for wheat was increased to $2.26 to cover the additional transportation charge. At this time also the capital of the Food Administration Grain Corporation, through which the Government's dealings in wheat were carried on, was increased by Executive order from $50,000,000 to $150,000,000.

Through a rider to the Agricultural Appropriation Bill, Congress again sought to impose a higher price. The movement began in March when such a rider was attached to the bill as it passed the Senate on March 21; the House which had previously passed the bill rejected the amendment on April 1. A deadlock between the two Houses then developed which was not broken until July 6 when the House agreed to a minimum guaranteed figure of $2.40 a bushel which the Senate then accepted. But the President interfered with a veto saying that it would add $2 a barrel to the price of flour and further increase the cost of living. On Sept. 2 the President issued a proclamation fixing the guaranteed price for the 1919 wheat crop (fully a year in advance) and again named $2.26 as the basing price at Chicago, though a Joint Agricultural Advisory Committee of the Food Administration and the Department of Agriculture, composed of farmers throughout the country, had recommended to the President the fixing of the minimum price of the 1919 crop at $2.46. We have already stated that in November and December after the signing of the Armistice the different food restrictions were rapidly removed one after another. As a matter of fact, it became apparent early in the summer, as far as wheat was concerned, that in view of the very large crop raised in the United States there would be ample supplies for all needs, and on Aug. 1 hotels, restaurants, clubs and dining cars were released from their voluntary pledge of the previous March (referred to above) to abolish the use of wheat products until the new harvest. With the lifting of these self-imposed restrictions, public eating places were required to comply only with the baking regulations and to serve Victory bread.

As another indication of the Government's all-embracing regulations over the nation's activities, it should be stated that under two proclamations issued on Feb. 15 the entire foreign trade of the United States was made subject to control by license. This action was one of the steps taken to reduce ocean carriage of nonessentials in order to release ships for transportation of troops and war materials. On March 21 Dutch shipping in American harbors was taken over after prolonged negotiations had failed to bring about an agreement with Holland compatible with the military necessities of the United States. At the same time similar action was taken by Great Britain with the Dutch ships in English harbors. A proclamation issued by President Wilson on the previous day set forth that the law and practise of nations accorded to a belligerent power the right in times of military exigency and for purposes essential to the prosecution of war to take over and utilize neutral vessels lying within its jurisdiction, and that the imperative military needs of the United States required the immediate utilization of the Netherlands ships then in United States harbors.

It would take page after page to enumerate all the restrictive measures imposed by the Government in the exercise of the arbitrary powers with which it was invested during the period of the war. As a rule the climax was reached in the two or three months just preceding the signing of the Armistice. It will be possible to mention here only a few of these so as to indicate their nature and show how all-pervading they were. Thus on Sept. 17 President Wilson signed a proclamation ordering all breweries to be closed down on Dec. 1. From Oct. 1 on, the brewers were confined to the use of malt and hops already in stock, and manufacture had to cease altogether in December. The War Industries Board promulgated regulations for the control and use of paper, for the consumption and manufacture of wool, furniture, hats, cotton goods and a variety of other things. Both direct and indirect savings were aimed at. For instance, in the manufacture of spool cotton, the regulations were framed so as to effect conservation of lumber, cardboard, twine, nails and other materials "and to relieve the burden on railroads by cutting down to the extent of at least 600 cars a year the number of cars necessary to transport the material used in the industry." The size of spools had to be reduced, the number of colors cut down, etc., etc. In the manufacture of rubber footwear, the new schedules provided for the elimination of 5,500 styles, it was said, of rubber footwear, and restricted introduction of new lasts other than as required by the Government.

Catalogues, price lists, etc., had to be condensed, packing in cartons in large measure discontinued, and likewise the use of tissue paper, wherever possible. A curtailment in the production of the felt shoe and bedroom slipper industry was another economy measure, and of like manner were restrictions affecting manufacturers of felt heel pads and inner soles. In straw hat production a conservation program was arranged for the manufacturers of men's straw and body hats, restricting styles, height, width of brim and trimmings. The brass bedstead manufacturers also had to accept a conservation program which made it necessary to reduce the number of patterns, to restrict the use of tubing for posts, reduce the height of head ends and foot ends, etc., etc. On Sept. 26 the War Industries Board issued an order directing every retail store to discontinue the unnecessary wrapping of merchandise and to reduce consumption of wrapping paper, bags, paper boxes, office stationery, etc. On Oct. 1 a conservation program for the bicycle industry was put into effect in which the manufacture of racing models and of juvenile models had to be entirely discontinued, as also many accessories, while there was a rigid limitation in styles and in use of handlebars, grips, saddles, tires, etc. Quite early in the year, that is in June, an immediate reduction in the number of types and sizes of automobile tires from 287 to 32 was determined upon, while provision was made for further reduction so that by Nov. 1, 1920 (had the war continued) all but nine types and sizes would have been eliminated.

Indeed, no industry in the country had to submit to greater regulation and restrictions than the manufacturers of automobiles. This was because their facilities had to be turned to war uses. Thus, though the automobile manufacturers at a special meeting in Detroit had voluntarily agreed to curtail the production of passenger cars 50% beginning Aug. 1, this was not deemed sufficient by the War Industries Board, which in the summer announced that the automobile industry would have to get on a 100% war work basis at once. The manufacturers were advised that "the War Industries Board cannot at this time make any promise whatsoever regarding the supply to your industry of steel, rubber or other materials for any definite period in advance," and the Board it was stated believed it was to the best interest of all manufacturers of passenger automobiles to get on 100% war work "as rapidly as possible and not later than Jan. 1, 1919, for in no other way can you be sure of the continuance of your industry and the preservation of your organization." In an announcement on August 17, the War Industries Board stated that automobile manufacturers had already accepted war orders aggregating between $800,000,000 and $900,000,000 and that in view of the fact that the war requirements of steel and rubber exceeded the supply and made automobile curtailment necessary the War Service Committee of the National Automobile Dealers Association had agreed to recommend ways and means to stop the unnecessary use of passenger cars and increase their utilitarian uses. After the Armistice the makers of automobiles were one of the first to be granted their old time freedom.

On Sept. 17 a general furniture conservation program covering material, labor, transportation and capital was announced. This went into the minutest details, providing for instance that in the case of dining room furniture the use of mirrors was to be eliminated entirely, the manufacture of dining room arm chairs to be discontinued, the sizes of dining table tops to be limited, etc., also that the number of patterns manufactured be reduced at least 50% on active patterns as compared with July 1, 1917. The different schedules here were to take effect Jan. 1, 1919, but the armistice, of course, changed all this and made the carrying out of the program unnecessary. A schedule for shoe manufacturers was announced as early as June 29 which eliminated certain leathers and fabrics, including light gray, pearl, smoke, natural chrome, various colors of tan, etc., and in October a standardization of shoes into three classes, with prices ranging from $3 to $12 a pair, the latter being fixed as the maximum price at which shoes might be retailed in the United States after all articles of the agreement had become effective, was announced. In October the steel pen industry had to yield to subjection, the manufacture of brass and nickel-plated pens to be discontinued, no new types or styles of pens to be introduced during the war and the variety of existing types and styles to be reduced materially. There was curtailment also by the War Industries Board in the manufacture of sewing machines, oil stoves, electric heating appliances, etc. It was provided that during the six month period from Oct. 1 the manufacture of electric heating appliances, oil stoves and sewing machines must be curtailed to 50% of the six months' production during 1917, watches and watch cases to 70% and metal stamps and stencils, rubber stamps, metal tags or badges for industrial purposes to 75%. The discontinuance of the manufacture of certain electrical utensils and appliances such as carburetor heaters, frying pans, waffle irons, peanut roasters, soup kettles, stew pans, etc., was called for under restrictions issued by the War Industries Board on Sept. 29.

The most unsatisfactory feature connected with the war was the attitude of labor. The labor leaders professed loyalty and patriotism, but were insistent on higher wages and these demands were repeated over and over again. In some cases the demands were preceded by strikes, in other cases stoppage of work was threatened in the event of a refusal to grant increased pay. In the end the men in all instances got the greater portion of what they asked, the demands being usually fixed inordinately high so that they might be whittled down and yet give the men substantial additions to their previous rates of pay. The matter was usually referred to wage boards who had leanings strongly in favor of the men and the result therefore was a foregone conclusion. In the anthracite coal fields, the miners were in October granted a further increase which average one dollar a day or six dollars per week. This was in addition to the huge wage increases granted the miners in May and December of the previous year. A large increase in the price of coal at the mine and to retail buyers followed as a matter of course. The addition granted to miners in this case was stated to be a readjustment of wages in the anthracite regions to accord with the stabilization of wages in various competing industries, and U. S. Fuel Administrator H. A. Garfield refused at the same time to grant to bituminous coal miners a further increase in wages.

One of the striking incidents of the year growing out of the wage increases, and the further rise in the cost of living occasioned thereby, was the liberal manner in which profits were fixed in determining the profits that might be charged in selling to the retailer and in reselling by the latter to the consumer. The price of milk in this city was repeatedly advanced until in December the quotation for grade A milk stood at 19 cents a quart, one of the main reasons given for this being that wages and other items involved in producing the milk and in handling it after it reached the city had so greatly risen. The truth is, entirely false standards were set up as to both wages and profits. It is a well known fact that before the war oranges could be bought at 2 to 3 cents apiece and very good ones at that. In October the Federal Food Board in this city decided that a fair profit for fruit dealers—profit, be it remembered—would be two cents apiece in the case of small oranges and three cents in the case of large oranges; in other words, that in reselling to the consumer the street fruit venders were entitled to add two cents apiece for small oranges and three cents apiece for large oranges.

The railroads were under trying conditions and constituted a weak feature of the economic aspect. With the Government in full control of their affairs, the freight congestion and traffic blockades, which prevailed at the close of 1917 and became intensified in the early days of 1918 because of the unprecedentedly cold weather and the heavy snowfals, were eventually overcome, though in the meantime the population had to endure many hardships and much privations, as already set out above. The Railroad Administration reduced passenger train service, sent freight by the stortest routes, put terminals to the common use of all roads instead of the exclusive use of the particular carrier owning them, and in that and other ways managed to derive benefits and advantages under common control which could not have been obtained had the different roads continued to be operated as separate entities. But the price paid for this was heavy. Mr. McAdoo as Director-General of Railroads was very lavish in dealing out wage increases, and the worst of it was that the wage increases were made retroactive for a long period back. These wage increases of course could only be met by increasing transportation charges. Here also the Director-General proceeded in arbitrary fashion, being virtual dictator with accountability to no one for his acts.

In March the Inter-State Commerce Commission, which while the roads were under private control, persistently refused to sanction any substantial advances in rates, now reversed its policy and, in the case of the roads in Eastern territory, allowed the general commodity frieght rate increase of 15% requested, and which had previously been refused in these very cases. It was estimated that the effect would be to add about $58,000,000 to the annual revenues of the Eastern roads. But this proved to be a mere bagatelle to what was to come.

In May the first general and sweeping increases in wages were made by the Director-General in accordance with the findings of the Railroad Wage Commission which he had appointed the previous January, though in some instances the Director-General went beyond the recommendations of the Commission. The men involved on this occasion consisted largely of the members of the four railroad Brotherhoods who had obtained such huge wage increases the previous year. It was calculated that these new wage increases now made would add $350,000,000 to the yearly payroll of the railroads, but in a letter written at the beginning of August Mr. McAdoo put the amount of addition at $475,000,000 per annum.

Following this general wage increase which was promulgated May 26, Mr. McAdoo on May 27 ordered increases in railroad freight rates and passenger fares. The increase in freight tariffs was 25% all around, while passenger fares were as a rule raised from 2 or 2½ cents a mile to 3 cents. The new freight rates, covering both inter-State and intra-State traffic, became effective July 25 and the increases in passenger fares June 10. It was estimated that the higher rates would yield between $800,000,000 and $900,000,000 additional revenue to the railroads within the next year. Comment then was to the effect that the Director-General was providing much more extra revenue than he would need, even allowing for the fact that he might have to pay out $120,000,000 to $150,000,000 more for coal, but the Director-General continued his policy of wage increases, taking up one class of employees after another, even where the employees had not asked for better pay, and, in pursuance of a scheme which appeared to be meant to exploit social theories, marked wages up all the way from 50 to 100% and over in that large body of railroad help calling for comparatively little skill. In this way the additions to expenses soon began to outrun the increases in revenues, large and imposing though these proved to be.

Railroad returns in the first half of the year before the advance in transportation rates proved unsatisfactory. Gross revenues recorded substantial increases in all the months except January when the freight congestion and snow blockades seriously interfered with railroad operation, but net earnings showed heavy losses, in part because of the adverse weather conditions, and in June, when the accounts were charged with the extra outlays involved in the retroactive feature of the wage awards, the falling off in net reached the prodigious sum of $142,338,571. The second half of the year it was supposed all this would be changed owing to the higher transportation charges put into effect. The half year did open very auspiciously and for the month of July the returns showed $117,661,315 gain in gross over the same month of the preceding year or 34% and $34,466,131 gain in net, or over 31%. August also gave a pretty good account of itself, the increase in net, though reduced in amount, still being $24,312,758, or in excess of 20%. In September, howover, the gain in net dwindled to $3,190,550; in October this was changed into a loss of $15,493,587; in November there was again a loss and yet larger in amount, namely $19,927,774; and for December the falling off reached $41,028,870 or almost 50%. The result was that the last six months of the year, instead of wiping out the loss in net of the first six months, added still further to the same.

The Railroad Control Bill which laid down the conditions under which the compensation for the use of the roads by the Government was to be fixed passed both Houses of Congress in March and was signed by the President on March 21. But much time was consumed in drawing up a standard form of contract for the purpose, and, when at last it was put in final shape, it did not prove acceptable to the carriers; and, though subsequently modified somewhat by the Director-General after hearing the objections of railroad officials, much reluctance continued to be manifested about entering into formal contracts, with the result that at the end of the year very few roads had actually executed and signed the contracts.

In July after a strike had been called by a small body of telegraph operators, Congress gave the President authority to take over the telegraph and telephone lines of the country. The President acted promptly and on July 23 issued a proclamation placing all telegraph and telephone lines under Government operation and control at midnight July 31. The President in his proclamation placed Postmaster-General Burleson in charge of the administration of the telephone and telegraph systems. Under the Congressional resolution the President was also empowered to assume Government control of the cable and radio systems, but these were not then included in the President's proclamation. On Nov. 16, however, in a proclamation dated Nov. 2, the President quite unexpectedly took possession of the cable systems. This last step elicited sharp criticism inasmuch as the practical ending of the war had removed all occasion for the arbitrary exercise of power of that kind and a brief grew up that the object in view in taking the step had been to exercise censorship over press communications that might be sent over the lines during the President's sojourn in France in connection with the peace negotiations. This imputation the Postmaster-General repudiated.

The financial requirements of the Government were of course of prodigious magnitude and necessarily Government borrowing was on a correspondingly huge scale. At the same time tax levies were very heavy under the law of 1917, and the year was distinguished for the preparations being made for the levying of still heavier taxes to apply on the business income and profits of the calendar year 1918, though the signing of the Armistice with Germany on Nov. 11, with the resultant curtailment of war expenditures for the remainder of the fiscal year led to a modification of policy in that respect—contemplated rates of taxation being at the instance of Secretary of the Treasury McAdoo materially lowered from the figures fixed upon by Congressional leaders during the summer months, when it was supposed the war would have to be prosecuted with undiminished vigor for the remainder of the fiscal year. The new war revenue bill was then under consideration by the Senate Finance Committee, and the result of the new developments in the shortening of the war was that the provisions of the measure had to be recast in essential particulars, the consequence being considerable delay so that the bill did not become law until after the close of 1918.

In the spring Congress had shown a disposition to put off the subject of new revenue legislation until the autumn. A Congressional election was impending and members of Congress were anxious to get home and look after personal political interests. The Administration was not in accord with this, and accordingly President Wilson on May 27 quite unexpectedly appeared before a joint session of the two houses with the request that Congress remain in session until new revenue legislation had been accomplished. Secretary McAdoo had been insistent that early revenue legislation be effected but Congressional leaders had balked and hence Mr. Wilson thought it best personally to intervene. It was in delivering this special message that the President coined the noted phrase, "Politics is adjourned." Parenthetically, it might be remarked that this did did not prevent Mr. Wilson from urging the following autumn that the people return a Democratic Congress, which doubtless was done without any political motives whatever, but to which the country responded by completely changing the political complexion of both branches, a Republican House of Representatives being returned and the opposition gaining enough members in the Senate to make that branch of Congress Republican, too, after March 4, 1919.

"We are not only in the midst of war," declared the President in his message on May 27, "we are at the very peak and crisis of it." "Our financial program," he contended, "must no more be left in doubt or suffered to lag than our ordnance program or our ship program or our munition program, or our program for making millions of men ready. . . . That is the situation, and it is the situation which creates the duty. . . . There is only one way to meet that duty. We must meet it without selfishness or fear of consequences. Politics is adjourned. The election will go to those who think least of it." In citing the facts, the President stated that "Additional revenues must manifestly be provided for. It would be a most unsound policy to raise too large a proportion of them by loan, and it is evident that the $4,000,000,000 now provided for by taxation will not of themselves sustain the greatly enlarged budget to which we must immediately look forward. We cannot in fairness wait until the end of the fiscal year is at hand to apprise our people of the taxes they must pay on their earnings of the present calendar year whose accounting and expenditures will then be closed. We cannot get increased taxes unless the country knows what they are to be and practices the necessary economy to make them available."

In indicating how the additional taxes should be raised the President said: "We shall naturally turn, I suppose, to war profits and incomes and luxuries for the additional taxes. But the war profits and incomes upon which the increased taxes will be levied will be the profits and incomes of the calendar year 1918. It would be manifestly unfair to wait until the early months of 1919 to say what they are to be. It might be difficult, I should imagine, to run the mill with water that had already gone over the wheel." As we have already seen, the course of events with regard to the war was such as to defeat Mr. Wilson's well-meant efforts, and tax payers did not come to know until 1919 what the rate of their taxes was to be. Congress responded to the President's request by remaining in session, and the House Ways and Means Committee under the Chairmanship of Mr. Kitchin, acted promptly in beginning the work of framing the new revenue bill. This work was completed with the presentation of the bill to the House on Sept. 3. Undue delay was not permitted and the bill passed the House on Sept. 20. The delay in the Senate has already been referred to, together with the complete change in the state of things bearing upon the continuance of the war. As redrafted by the Senate Finance Committee to square with this new situation, the War Revenue Bill was not presented to the Senate until Dec. 6, as already noted.

Following the President's special message on May 27, 1918, the Secretary of the Treasury on June 5 addressed a letter to Chairman Claude Kitchin of the House Ways and Means Committee outlining the probable requirements of the Government for the fiscal year ending June 30, 1919, and making suggestions as to how the increased revenue was to be provided. Mr. McAdoo estimated that the Treasury would actually have to disburse during the fiscal year approximately $24,000,000,000. For the fiscal year ending June 30, 1918, the Secretary said the Government's cash disbursements would amount to between $12,500,000,000 and $13,000,000,000. Of this amount about one-third would be found to have been raised by taxes and two-thirds by loans, all represented by long-time obligations—that is, bonds of the first, second and third Liberty Loans and War Savings Certificates. The Secretary added: "We shall thus have completed fifteen months of the war with a financial record unequaled, I believe, by that of any other nation." And from first to last, the Secretary insisted that one-third of the cost of the war must be raised by taxes. Existing laws provided only $4,000,000,000 revenue from taxation and with total expenditures as then estimated of $24,000,000,000 that would have left $20,000,000,000 to be raised by loans. The reasons impelling against borrowing so large a proportion of the total disbursements Mr. McAdoo set out as follows:

"This would be a surrender to the policy of high interest rates and inflation with all the evil consequences which would flow inevitably therefrom and which would, I firmly believe, bring ultimate disaster to the country. We cannot afford to base our future financing upon the quicksands of inflation or unhealthy credit expansion. If we are to preserve the financial strength of the nation, we must do sound and safe things, no matter whether they hurt our pockets or involve sacrifices—sacrifices of a relatively insignificant sort as compared with the sacrifices our soldiers and sailors are making to save the life of the nation. The sound thing to do is unquestionably to increase taxation, and the increases should be determined upon promptly and made effective at the earilest possible moment."

The Secretary then went on to urge that not less than one-third of the $24,000,000,000 estimated expenditures for the fiscal year 1919, or $8,000,000,000, should be raised by taxation. Mr. McAdoo recommended that "a real war profits tax at a high rate be levied upon all war profits" and that there should be a substantial increase in the amount of normal income tax upon so-called unearned incomes. He pointed out that under existing law earned incomes above certain exemptions were taxed 4% as an income tax and 8% as an excess profits tax, making a total of 12%, while unearned incomes, derived from securities, &c., were taxed only 4%. The 8% tax, he urged, should be recognized as an income tax and the rate of 12% (4% normal and 8% excess profits) should be retained in respect to earned incomes, while a higher rate than 12% should be imposed on unearned incomes. In the law, as finally enacted, Congress followed Mr. McAdoo's recommendations in levying a high war profits tax "and in fixing the normal income tax at 12% (except on amounts up to $4,000 where the rate is only 6%) but not in making a distinction between earned incomes and unearned. The super taxes were also heavily increased.

The signing of the Armistice on Nov. 11, 1918, naturally changed very materially the probabilities as to Government requirements and the amounts to be raised by taxation. The Secretary of the Treasury was prompt to recognize the altered situation and on Nov. 14 wrote a letter to Chairman F. M. Simmons of the Committee on Finance of the United States Senate, giving his ideas as to how the revenue bill then under Committee consideration should be altered to meet the changed requirements. In this letter the Secretary pointed out that the collapse of Germany necessitated "instant reconsideration of the financial problems before the Government, the most immediate of which is that presented by the new revenue bill now before the Finance Committee of the Senate." The Secretary pointed out that the prompt enactment of a revenue bill was imperative. The existing law, he asserted, was not satisfactory to the country nor to the Treasury. On the other hand, the revenue bill which has passed the House was more stringent than the changed situation would justify. The Secretary figured that, instead of $24,000,000,000 being required to meet expenditures for the fiscal year ending June 30, 1919, $18,000,000,000 might suffice. He accordingly recommended a substantial reduction in the amount to be raised under the bill as it had passed the House. Changes had been made or were in contemplation by the Senate which, taken together with the anticipated elimination of revenue from liquor taxes, would reduce the amount to be raised from the $8,000,000,000 or more provided for in the House bill to some $6,300,000,000. Further changes, he thought, might with safety be made in the bill with a view to reducing the amount of taxation to $6,000,000,000. He therefore recommended the immediate amendment of the pending bill so as to provide that with the collection of the taxes levied upon war and excess profits for the calendar year 1918 and payable in the year 1919 the war and excess profits taxes should come to an end except in so far as might be necessary to subject to these taxes profits which, though arising from contracts entered into during the war period, would under existing regulations technically be profits of 1919 and not profits of 1918. His idea was that the pending revenue bill be revised with a view to yielding $6,000,000,000 payable during the calendar year 1919 and $4,000,000,000 during the calendar year 1920. The revenue bill as eventually enacted was along these lines.

Investment Trusts

(Continued from page 1343)

As to performance, the bulletin reports:

"Going back more than two years, to June 10, 1940—a date associated with the collapse of France — Affiliated shares were selling at $2.07. This figure was exactly the same as the offering price—$2.07—at the close of Sept. 26, 1942." In this same period the Dow-Jones Industrial Average showed a net change from 111.84 to 109.32, a decline of 2.3%. Moreover, Affiliated Fund dividends paid during this period totaled 42c per share—a return over the two-year period of 20.3%.

For more recent performance figures, "Abstracts" reports as follows:

"On Sept. 26, the Dow-Jones Industrial Average penetrated its July 16 high. At the close that day, the average was 109.32 against 108.91 on July 16—up 0.4%.

"Here is the comparative performance:

	July 16	Sept. 26	Per Cent Change
Dow-Jones Industrials	108.91	109.32	Up 0.4%
Affiliated Fund Common	1.97	2.07	Up 5.0%

"N.B.—As this issue goes to press (Oct. 8) the average is closing at 113.60, and Affiliated shares are at $2.12, having meanwhole sold "ex" a three cent dividend."

* * * *

The intermediate trend of stock prices as forecast in the "Investment Timing" service of National Securities & Research Corp. remains upward according to the Oct. 8 issue of the service. It will be remembered that the forecast of the long-term trend has been upward since last spring.

The anti-inflation bill — wage and price stabilization come in for discussion in the main body of the service. Resumes of the bill and the President's related directive are given with an analysis of their probable effects.

* * * *

W. F. Shelley in the current issue of "Brevits" discusses investments and the war outlook. Commenting on the evidence that there are two schools of thought in this country as to the length of the war, and on the obvious fact that both can't be right, Mr. Shelley reasons:

"Reflecting on this matter, it occurred to us that if these two opinions express schools of thought having large followings respectively among investors and if such opinions as these are influencing investment policies of investors in different directions, then inevitably one group or the other is going to be hurt when the war does end.

"This can occur in a number of different ways, but as a simple example the investor who bets on a long war by buying war favored securities will be hurt if the war should suddenly come to an end. And the investor who bets on a short war by buying peace faored securities will be hurt in the event the war drags out for several years. There is certainly a gamble in following either course. In our opinion, however, it is a gamble which is decidedly not worth taking."

Dividends

The Trustees of New England Fund have declared a dividend of 15 cents per share, payable Nov. 2, 1942 to shareholders of record Oct. 22, 1942.

Carr Recuperating

BOSTON, MASS.—Ralph Carr, of Ralph F. Carr & Co., 10 Post Office Square, is recuperating from an operation. He hopes to be back on the Trading Desk in a few weeks.

Calendar of New Security Flotations

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

SATURDAY, OCT. 17

SOUTHERN UNION GAS CO.

Texas Southwestern Gas Co. has filed a registration statement with the SEC for Southern Union Gas Co. (the latter to be the surviving corporation in a proposed merger plan) covering 240,584 shares of Southern Union Gas Co. common stock, par value $1 per share. The name of the registrant will be changed in consummation of the merger plan from Texas Southwestern Gas Co. to Southern Union Gas Co.

Address — 1104 Burt Building, Dallas, Texas

Business—Primarily engaged as an operating utility company

Underwriting—E. H. Rollins & Sons, Inc., is the principal underwriter

Offering—Agreement of merger provides, among other things, that the survivor corporation shall offer approximately 240,584 shares of its common stock, par $1 per share, for subscription by holders of the presently outstanding common stock of Southern Union Gas Co., New Mexico Gas Co., and New Mexico Eastern Gas Co. at the price of $1.50 per share. Details of the merger plan have been filed with the Commission and previously announced

In addition to the securities to be issued in exchange for outstanding securities of the constituent companies involved in the merger plan, the details of which have previously been filed with the Commission and made public, the company will issue and sell for cash $3,650,000 of first mortgage sinking fund bonds, 3¾% series due Oct. 1, 1962

Registration statement reveals that E. H. Rollins & Sons, Inc., has advised the company that it has agreed to sell the bonds for the survivor corporation at a price equal to not less than 103¾% plus accrued interest, in such manner that there will not be involved any public offering of the bonds requiring their registration under the Securities Act of 1933. As compensation for its services in finding a purchaser, the banking firm is to be paid a commission of one-half of one per cent of the aggregate principal amount of the bonds

The banking firm also has agreed to purchase any unsubscribed shares of common stock offered to present shareholders of the constituent companies

Proceeds—The proceeds to be received by the survivor company from the sale of its bonds in the face amount of $3,650,000 and from the sale of common stock for cash and $250,000 of the proceeds from the Southern Union Production Co. loan will be used towards redemption or payment of debt of Southern Union Gas Co. (old Co.), Texas Southwestern Gas Co., New Mexico Gas Co., New Mexico Eastern Gas Co., reorganization expenses and working capital

Registration Statement No. 2-5046. Form A-2. (9-28-42)

SUNDAY, OCT. 18

ELASTIC STOP NUT CORP.

Elastic Stop Nut Corp. has filed a registration statement with the SEC for 50,000 shares of 6% cumulative convertible preferred stock (par $50) and 178,572 shares of common stock (par $1), to be reserved for conversion of preferred stock

Address—Union, New Jersey

Business — Manufacturer of self-locking nuts, etc.

Offering—After reclassification of securities, 50,000 shares of 6% cumulative convertible preferred stock will be offered first to holders of outstanding common stock, through warrants at $50 per share, unsubscribed portion through underwriters at $50 per share

Underwriting — White, Weld & Co., Shields & Co., New York; H. M. Byllesby & Co., Inc., Chicago, and First Trust Co. of Lincoln, Neb. Amounts which the respective underwriters will purchase will be supplied by amendment

Purpose—May be used for redemption of 6% cumulative preferred stock (par $100), capital expenditures and working capital

Registration Statement No. 2-5047. Form A-2. (9-29-42)

THURSDAY OCT. 22

MANHATTAN BOND FUND, INC.

Manhattan Bond Fund, Inc., has filed a registration statement with SEC for 1,000,000 shares of capital stock, par value 10 cents per share

Address—15 Exchange Place, Jersey City, N. J.

Business—Investment trust

Underwriting — Hugh W. Long & Co., Inc., Jersey City, is named as the principal underwriter

Offering—Date of proposed public offering is given as Nov. 1, 1942

Proceeds—For investment

Registration Statement No. 2-5048. Form A-1. (10-3-42)

SATURDAY OCT. 31

GRAND FORKS HERALD, INCORPORATED

Grand Forks Herald, Incorporated, has filed a registration statement with the SEC for $170,000 4½% first mortgage serial maturity bonds, dated Sept. 1, 1942. Bonds will mature as follows: $12,000 on each Sept. 1 from Sept. 1, 1943 to and including Sept. 1, 1951; $62,000 on Sept. 1, 1952

Address — 118 North Fourth Street, Grand Forks, N. D.

Business—Newspaper publication

Offering—Bonds are to be offered at prices ranging from 101.57 for the 1943 maturity to 100.50 for the 1952 maturity. The average offering price per unit is 102.1073 plus accrued interest

Underwriting—Kalman & Co., Inc., St. Paul, is the sole underwriter

Proceeds—The net proceeds, together with other funds of the corporation, are to be used to retire as of Jan. 1, 1943, the corporation's 6½% 15-year sinking fund debenture bonds due Sept. 1, 1944

Registration Statement No. 2-5049. Form A-2. (10-12-42)

HOUSTON NATURAL GAS CORPORATION

Houston Natural Gas Corp. has filed a registration statement with SEC for 40,000 shares of preferred stock, 5% cumulative, par value $50 per share

Address—Petroleum Building, Houston, Texas

Business—Company produces, purchases and distributes natural gas in a large number of cities, towns and communities in Texas

Offering—The stock, after reclassification of securities, is to be offered at $50 per share. The holders of common stock (approximately 80,000 out of 158,289) who have not previously waived their pre-emptive rights to subscribe for the new issue of preferred will be afforded a 10-day period after the effective date of the registration statement within which to exercise such pre-emptive rights by subscribing for one share of preferred for each four shares of common stock held. If in the opinion of the company a sufficient number of shares is not subscribed for the company reserves the right to refund all payments and cancel the subscriptions, but if a sufficient number of shares of preferred is subscribed for by the public and by the holders of common, company will offer to exchange 11,000 shares of preferred, $50 par, for the 10,000 shares of preferred stock, 7% cumulative, par value $50 per share, callable at $55 per share, presently outstanding

Underwirting—The preferred stock is not being underwritten. Names of principal brokers soliciting subscriptions are Moroney, Beissner & Co., Houston, Texas, and Mackubin, Legg & Co., Baltimore. The first will receive fees and commissions for transactions occuring in the State of Texas and the second will receive fees and commissions as managers of the selling group offering the preferred stock outside of State of Texas

Proceeds—No specific allocation of the net proceeds has been made, but will be added to and become a part of the general funds of the company

Registration Statement No. 2-5050. Form A-2. (10-12-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

CENTRAL MAINE POWER CO.

Central Maine Power Co. filed a registration statement with SEC for $14,500,000 first and general mortgage bonds, Series M, maturing July 1, 1972; $5,000,000 ten-year serial notes, maturing serially on July 1 from 1943 to 1952, and 261,910 shares of common stock, par value $10 per share.

Address—9 Green Street, Augusta, Maine

Business—Company is an operating public utility and engages in the electric, gas and water business, entirely within the State of Maine

Underwriting—The bonds and the notes will be sold under the competitive bidding rule of the Commission. Names of underwriters and amounts and offering price to public will be supplied by amendment

Offering—Public offering price of the bonds and notes will be supplied by amendment. The 261,910 shares of common are first to be offered to the holders of the company's outstanding common stock and 6% preferred stock for subscription at $10 per share in accordance with their pre-emptive rights. New England Public Service Co. has subscribed for and agreed to take the 261,910 shares, less any shares as may be subscribed for by stockholders, and to pay therefor in cash at $10 per share provided the proposed merger becomes effective

Proceeds—Statement says that prior to the issue of the securities now registered, Cumberland County Power & Light Co., a public utility incorporated in Maine in 1909, will be merged into the company and Central Maine will thereupon acquire, pursuant to an agreement of merger, the business and all the rights, powers, etc., of Cumberland. After the merger has become effective, the business of the company will include also the business, franchises and properties of Cumberland, the separate existence of which will have ceased

Net proceeds from the financing in accordance with the merger plan recently filed with the commission will be used as follows:

Net proceeds of the series M bonds will be used to pay principal and premium in the redemption at 105% on Oct. 1, 1942, of $1,494,000 face amount of first mortgage, 4% series, due 1960, of Cumberland Power, $1,538,060; to pay principal and premium in the redemption at 105½% on a date in 1942 to be announced of $9,275,000 face amount first mortgage bonds, 3½% series, due 1966 of Cumberland County $9,784,348 and to pay bank loans made by the company which were incurred for the purchase and construction of facilities $2,650,000.

Net proceeds of the serial notes and the common stock will be used to pay par and premium in the redemption on a date to be fixed in 1942 of an unspecifed number of shares of 6% preferred stock and an unspecified number of shares of 5½% preferred stock of Cumberland County at 130% and 110%, respectively, all of which shares are to be called for redemption by Cumberland County prior to the proposed merger and converted under the agreement of merger into an obligation of the company to deposit the redemption price thereof in trust for the holders of such shares. The amount to be utilized in such redemption will be supplied by amendment.

Additional net proceeds from the sale of serial notes and common stock will be used to acquire 300 shares of the common stock and $6,000 face amount of 5% debentures of Aug. 1, 1936, due Aug. 1, 1956, of Nepsco Services, Inc., and 10 shares of common of Nepsco Appliance Finance Corp. $9,100 and to acquire all of the 650 outstanding shares of the no par capital stock of New England Pole & Treating Co. $110,000.

Balance of net proceeds of the series M bonds, the serial notes and common stock will be used to redeem at $120 per share or otherwise retire on or before Oct. 1, 1942, an unspecified number of shares of 7% preferred stock of the company and for the purchase and construction of facilities for the carrying out of the company's business.

Registration Statement No. 2-5024. Form A-2. (6-29-42)

Central Maine Power Co. on Aug. 5, 1942, filed a request with the SEC to withdraw trust indenture data in view of decision to sell the proposed issue of $5,000,000 10-year serial notes at private sale. On July 16, 1942, company filed an amendment with the SEC to withdraw the proposed notes from registration and such withdrawal was approved Aug. 19, 1942

Amendment filed Sept. 29, 1942, to defer effective date

DENVER CHICAGO TRUCKING CO., INC.

Denver Chicago Trucking Co., Inc., has filed a registration statement with the SEC for $400,000 debentures, 5%, maturing serially from 1944 to 1952, inclusive

Address—2501 Blake Street, Denver, Col.

Business—Operation of motor truck transport lines

Underwriting—Brown, Schlessman, Owen & Co., Denver, Col., is the principal underwriter

Offering—The issuer, a new corporation, upon the exercise of its option, will take over and carry on the present business of a partnership as an interstate carrier of merchandise by motor vehicle. The new corporation will acquire from the partnership all accounts receivable, motor vehicle equipment, rolling stock, real estate, franchises, etc. In consideration thereof corporation will deliver to partnership 4,000 shares of its capital stock, $1 par value, $250,000 of its debenture 5s and is also to deliver to the underwriter, on the order of the partnership, $150,000 of the debentures of the par value of $1,000 each, for the sum of $150,000 plus accrued interest to date of delivery. Corporation in normal course also assumes liabilities of partnership. The underwriter will purchase the partnership and the debentures from the partnership and the corporation and offer them to the public at prices ranging from 103.28% for the March 1, 1944, maturity to 100 for maturities 1948 to 1952, inclusive, plus accrued interest

Proceeds—The net amount to be received by the corporation will be used as working capital. Net amount received by partnership will be partnership funds distributable among the partners or usable for such purposes as the partners may decide

Registration Statement No. 2-5044. Form A-1. (9-22-42)

Suspension data (including hearings) Oct. 22, 1942

ELLICOTT DRUG CO.

Ellicott Drug Co. filed a registration statement with the SEC for $350,000 6% debentures, due June 30, 1957.

Address—120 Cherry Street, Buffalo, New York

Business — Company is a cooperative wholesale drug company, selling to its members only, all of whom are retail druggists.

Proceeds — $250,000 of the debentures will be presently issued. Approximately $120,000 of this amount will be issued to replace the outstanding 6% preferred stock which is being eliminated. Approximately $48,000 additional will be issued to retire buying privilege deposits with the company The balance, approximately $78,500 after expenses, will become additional working capital

Offering—The new debentures will be priced at 100 and accrued interest

Registration Statement No. 2-5026. Form A-2. (7-7-42)

Amendment filed July 23, 1942 giving to members of the company only the privilege of exchanging the 6% cumulative preferred stock, par $50, for the debentures on a dollar for dollar basis and or exchange for deposits made by non stockholder members.

Amendment filed Oct. 10, 1942, to defer effective date

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed Oct. 10, 1942, to defer effective date

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Amendment filed, July 30, 1942 to defer effective date

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

Amendment filed Sept. 29, 1942, to defer effective date

NU-ENAMEL CORPORATION

Nu-Enamel Corporation filed a registration statement with the SEC for 106,500 shares of common stock, $1 par value

Address—8 South Michigan Ave., Chicago

Business—The company is engaged in the distribution and sale of enamels, paints, varnishes, linoleum finish, stains, polish and kindred lines, which are principally distributed under the trade name "Nu-Enamel." The products sold by the company are manufactured by Armstrong Paint & Varnish Works, of Chicago, under contract in accordance with the company's formulae and specifications

Underwriting—Floyd D. Cerf Co. is the principal underwriter.

Offering—The principal underwriter is granted the option, until close of business Dec. 31, 1942, to purchase at $1.50 per share all or any part of 72,500 shares of common stock of the company from C. L. Lloyd and all or any part of 34,000 shares from Gladys Lloyd. There is no firm commitment to purchase any of said shares. The principal underwriter has agreed to pay a finder's fee to American Industries Corp., Detroit, Mich., in the amount of 5 cents for each share of common stock purchased by the principal underwriter from the selling stockholders. Offering price to the public will be supplied by amendment

Proceeds—The shares to be offered are already issued and proceeds will go to the individual sellers of the shares

Registration Statement No. 2-5029. Form A-2. (8-1-42)

Nu-Enamel Corporation on Aug. 26 filed an amendment to its registration statement giving the public offering price at $2 per share

Registration effective 5:30 p.m. EWT on Sept. 14, 1942

STILLWATER WORSTED MILLS, INC.

Stillwater Worsted Mills, Inc., a newly organized company, has filed a registration statement with the SEC covering 30,000 shares of preferred stock, $10 par value; 30,000 shares producers common stock, $10 par value and 60,000 shares of common stock, $10 par value

Address—East Avenue, Harrisville, Rhode Island

Business—Plans to engage in business of worsted yarn and cloth manufacture, including dyeing and finishing

Offering—The 30,000 shares of producers common and the 60,000 shares of common stock are to be offered for sale at $10 a share. The 60,000 shares of common will be offered to a group of approximately 30 executives and key employees of the old Stillwater Worsted Mills and the 30,000 shares of producers common stock to other persons than above now employed by Stillwater Worsted Mills and its subsidiaries. Stillwater Worsted Mills, Inc., the new company will acquire properties of Stillwater Worsted Mills, the old company, located in Rhode Island, Virginia and Connecticut and certain stocks of finished cloth located in New York and Illinois. The statement says the new company does not intend to engage in the business of top manufacture in which the old company has engaged and intends to continue to engage.

The new company also plans to issue and have outstanding $2,910,000 of first mortgage serial bonds, maturing from 1944 to 1967, which will carry an interest rate varying from 2 to 5%

The statement says that the new company has no present intention of issuing the preferred shares, planning to hold them for ultimate conversion of the producers common shares.

Registration Statement No. 2-5041. Form A-1 (8-28-42)

Registration effective 5 p.m. EWT on Sept. 23, 1942

THE TRION COMPANY

The Trion Company has filed a registration statement with the SEC for 6,000 shares of 7% cumulative preferred stock, par value $100 per share.

Address—Trion, Georgia.

Business—Company manufactures, finishes and fabricates cotton goods in its plant at Trion, Ga.

Underwriting—Courts & Co., Atlanta, Ga., is named principal underwriter. Other underwriters will be named by amendment.

Offering—The 6,000 shares registered are issued and outstanding and are being offered for the account of a corporation and individual stockholders. The price to be paid for the stock by the underwriters and the offering price to the public will be supplied by amendment.

Proceeds—The registrant is not to receive any of the net proceeds which will go to the selling stockholder.

Registration Statement No. 2-5035. Form S-2. (8-13-42)

Amendment filed Oct. 6, 1942, to defer effective date

Trion Company on Oct. 9 filed an amendment to its registration statement which places the number of shares of 7% cumulative preferred stock to be offered at 5,496 in place of the 6,000 shares named in original registration statement

The underwriters and the number of preferred shares which each has agreed to purchase are given as follows: Courts & Co., Atlanta, 1,000; R. S. Dickson & Co., Inc., Charlotte, N. C., 1,000; Kirchofer & Arnold, Inc., Raleigh, N. C., 950; Milhous, Gaines & Mayes, Inc., Atlanta, 500; Wyatt, Neal & Waggoner, Atlanta, 500; Brooke, Tindall & Co., Atlanta, 450; J. H. Hilsman & Co., Inc., Atlanta, 450; Robinson-Humphrey Co., Atlanta, 400, and Clement A. Evans & Co., Inc., Atlanta, 246 shares

Offering price to the public will be supplied by amendment

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillon, Read & Co., New York, is named the principal underwriter. Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

Union Electric Co. of Missouri, on Feb. 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846

Amendment filed Sept. 28, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati, Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share. Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2. (3-30-40)

Amendment filed Sept. 19, 1942, to defer effective date

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be eithe sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the pest possible price."

Amendment filed Sept. 29, 1942, to defer effective date

UNITED WHOLESALE DRUGGISTS OF ST. LOUIS, INC.

United Wholesale Druggists of St. Louis, Inc., has filed a registration statement with the SEC covering 4,000 shares of no par value common stock. Company was organized Aug. 11, 1942

Address—100 West Tenth Street, Wilmington, Del.

Business—It proposes to operate a warehouse at St. Louis. The corporation has been formed for the purpose of enabling distributors of United Drug Co. to have the benefit of purchases at wholesale of merchandise other than that sold by United Drug Co.

Underwriting—No underwriters named.

Offering—This offering of stock is not being made to all distributors of United Drug Co. products but is limited to those in the area economically served from St. Louis. Shares are to be sold at $50 per share for a total of $200,000 to the distributors of the products of United Drug Co. It is not contemplated that it will be necessary to borrow money. However, in the event a temporary loan is necessary pending receipt of funds to be raised from the sale of this issue, a loan not in excess of $50,000 may be made to the corporation by United Drug Co. At no time will there be over $200,000 raised from all sources. In the event such a loan is made it will be a form of a note for one year with interest at the rate of 3%. The benefits from such sales will be distributed to stockholders as dividends, monthly participations of earnings, and year-end checks of remaining earnings. Each stockholder will be allowed to increase his holdings as his merchandise purchases increase so he may hold stock proportionate to his purchases in order to receive his share of earnings

Proceeds—So far as determinable, the funds will be devoted in the amounts and to the purposes indicated, namely, to purchase of merchandise for sale to retail druggists $185,000, and to working capital $15,000

Registration Statement No. 2-5045. Form A-1. (9-24-42)

UNIVERSITY CLUB OF CHICAGO

University Club of Chicago has filed a registration statement with the SEC for $802,500 principal amount of 4% debentures due Sept. 30, 2105

Address—76 East Monroe Street, Chicago, Ill.

Business—The club has operated since its organization in 1887 and intends to continue to operate as an organization for educational, social and fraternal purposes. It has no capital stock and is not operated for pecuniary profit but is operated solely for the benefit of its members

Offering—At the time of construction of the club building presently operated by the club there was organized under the laws of the State of Illinois, a stock corporation known as the University Auxiliary Association. The shares of that corporation were largely subscribed by members of the club and the association used the funds so obtained for the construction of the club building. The club now proposes to offer its 4% debentures—being the securities registered hereby—in exchange for the outstanding shares of the association, other than shares of the association owned by the club, and upon acquisition of such shares, or such proportion thereof as shall be approved by the board of directors of the club, to cause the association to be dissolved and liquidated.

It is considered that the issuance of the 4% debentures of the club in such exchange is a "reorganization" within the purview of the definition of that term set forth in paragraph 5 (1) of the rules as to the use of Form E-1 as constituting "the exchange of securities by the issuer thereof for securities of another issuer." The club proposes to offer its 4% debentures in exchange for shares of the University Auxiliary Association on the basis of $100 principal amount of debentures for each share of the Association of $100 par value, other than shares of the Association owned by the club

Registration Statement No. 2-5042. Form E-1 (9-8-42)

Amendment filed Sept. 24, 1942, to defer effective date

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., in dissolution, to the extent of 436,691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered. The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923 Form A2. (12-29-41)

Amendment filed April 21, 1942, to defer effective date

Seward Prosser Dies

Seward Prosser, Chairman of the Board of Directors of Bankers Trust Company of New York, died October 1, at his home at Woods Hole, Mass., after an illness of several months. Mr. Prosser, was born in Buffalo, N. Y. in 1871; his family moved to New York while he was very young, finally settling in Englewood, N. J., where he was a life-long resident. Mr. Prosser went to work at the age of 15, beginning his business career in the employ of the Equitable Life Assurance Society of U. S. He later participated in forming the insurance firm of Prosser & Homans, representing Equitable Life.

In 1907, Mr. Prosser became Vice President of the Astor Trust Company and served in that capacity until 1912, when he was elected President of the Liberty National Bank of New York. In 1914 Mr. Prosser became President of Bankers Trust Company of New York and served in that capacity as well as a member of the Board of Directors and the Executive Committee until 1923, when he became Chairman of the Board of Directors, which position he accupied at the time of his death.

Mr. Prosser had held directorships in many corporations and at the time of his death was a Director of the International Nickel Company of Canada, Ltd.; Kennecott Copper Corp.; Braden Copper Co.; Utah Copper Co.; and other corporations. He was a member of the Union League and University Clubs.

Mr. Prosser found time in a busy life to help many worthy causes, philanthropy being one of his great interests. His first activity was directed toward public service in his home community of Englewood, N. J., where he was associated with Thomas W. Lamont and the late Henry P. Davison, Dwight W. Morrow and Thomas Cochrane in local charities. During the last World War, Mr. Prosser was associated with Mr. Davison in the first American Red Cross War Fund campaign in which more than $100,000,000 was raised. During 1930-31, Mr. Prosser headed the Emergency Unemployment Committee of New York City, familiarly known as the Prosser Committee, which represented the first city-wide effort to raise private funds for the relief of employment.

Funeral services for Mr. Prosser were held Sunday afternoon Oct. 4, at the First Presbyterian Church in Englewood, and the honorary list of pallbearers included J. P. Morgan, Thomas W. Lamont, Henry J. Cochran, Lieut.-Commander Henry P. Davison, Fred I. Kent, Albert H. Wiggin, Owen D. Young, Guy Emerson, Cornelius N. Bliss, etc., etc.

Rayon Deliveries Higher

Domestic deliveries of rayon yarn and staple fiber to American mills for the nine months ended Sept. 30 aggregated 461,300,000 pounds, reports the "Rayon Organon," published by the Textile Economics Bureau, New York. This total, which represents a new record for the American rayon industry, is an increase of 6% as compared with deliveries of 435,000,000 pounds reported for the corresponding 1941 period. The announcement further stated:

"Deliveries of rayon filament yarn to domestic consumers totaled 347,700,000 pounds for the nine months of the current year, an increase of 4% as compared with 332,900,000 pounds shipped in the corresponding 1941 period. For September alone, rayon yarn deliveries amounted to 38,300,000 pounds as compared with 38,100,000 pounds shipped in August and with 37,000,000 pounds shipped in September 1941.

"Rayon staple fiber deliveries to domestic consumers totaled 113,600,000 pounds for the nine months of 1942 as compared with 102,100,000 pounds delivered in the first nine months of 1941, an increase of 11%. September staple fiber shipments totaled 12,400,000 pounds as against shipments of 12,800,000 pounds in August and 13,000,000 pounds in September 1941.

"Stocks of rayon filament yarn held by producers amounted to 7,800,000 pounds at the close of September as compared with 7,400,000 pounds at the end of August. Rayon staple fiber stocks in producers' hands totaled 4,3000,000 pounds as of Sept. 30, as compared with 3,900,000 pounds held on Aug. 31."

October 1 Cotton Report

A United States cotton crop of 13,818,000 bales is forecast by the Crop Reporting Board of the United States Department of Agriculture, based on conditions as of Oct. 1, 1942. This is a decrease of 210,000 bales from the forecast as of Sept. 1, and compares with 10,744,000 bales ginned in 1941 and 13,109,000 bales, the 10-year (1931-40) average. The indicated record yield per acre for the United States of 285.0 pounds compares with 231.9 pounds in 1941 and 215.0 pounds, the 10-year (1931-40) average. The previous record yield was 269.9 pounds per acre in 1937.

Most of the reduction in prospective production occurred in South Carolina, Georgia, Alabama, Louisiana, Oklahoma and Texas, where the crop is not turning out as well as was expected a month ago. Over most of this area, precipitation was above normal during September, and temperatures were below normal. This situation has delayed the maturity of the crop. Infestation of leaf worms is also reported to be unusually heavy in Oklahoma and parts of Texas. These reductions during the month were partly offset by a substantial increase in Arkansas, and moderate increases in Mississippi, Missouri, and North Carolina. In the Western States, the crop is still somewhat later than usual and is, therefore, subject to the adverse effects of early freezes.

Cotton ginnings for the United States were reported by the Bureau of the Census at 5,009,180 running bales (counting round as half bales) ginned from the crop of 1942 prior to Oct. 1, compared with 4,713,059 for 1941 and 3,923,172 for 1940.

FHA Insurance For War Housing Projects Over $350 Million

Commercial banks, mortgage companies and insurance companies have been the largest participants in the FHA's program of mortgage insurance for privately financed war housing projects under Title VI of the National Housing Act, Federal Housing Commissioner Abner H. Ferguson announced on Oct. 3.

He stated that detailed statistics now available as of June 30, 1942, show that these three types of private lending institutions originated 75% of the $355,291,550 in war housing loans approved for insurance under Title VI through that date. It was also stated by the Housing Administration that the percentage distribution of these mortgages for all types of lending institutions participating in the FHA program was as follows: commercial banks 30.4%, mortgage companies 25.5%, insurance companies 19.1%, savings and loan associations 9.9%, savings banks 3.2%, Federal agencies 1.1%, all others 10.8%.

It is pointed out by Mr. Ferguson, Title VI mortgage insurance plan has been one of the principal mediums through which private investment funds have been mobilized for the financing of essential housing projects for war workers. Through this insurance, it is stated, institutional lenders are protected against loss of their investment in such projects.

The FHA announcement goes on to state:

"In order to conserve scarce war materials, only those projects for which there is clearly an imperative need in the interest of the war effort are being approved for Title VI insurance, and the projects must conform with all regulations and standards established for privately financed war housing by the War Production Board and the National Housing Agency. Title VI projects must be located in the critical war housing areas designated by the President, and occupancy priority must be given to war workers.

"Since the 1942 war housing amendments to the National Housing Act became operative early in June, all new war housing projects initiated under the FHA program are being insured under Title VI. Previously, however, a substantial volume of housing in war industry areas also was financed under the FHA's regular Title II program.

"In the first six months of 1942, new home mortgages totaling $203,484,450 were accepted for insurance under Title II. Of these, 36.2% were originated by commercial banks, 26.9% by mortgage companies, 14.9% by insurance companies, 10.0% by savings and loan associations, 4.9% by savings banks, and 7.1% by all other types of approved lending institutions.

"On June 30, 1942, the total investment held by lending institutions in FHA-insured home mortgages of all types aggregated $3,551,421,328 in original principal amount. These represent mortgages insured since the start of FHA mortgage insurance operations in 1935. The outstanding balance of these mortgages is, of course, steadily reduced by regular monthly payments against principal as well as by a substantial volume of prepayments.

"The distribution of these holdings by type of lending institution was as follows: commercial banks 45.5%, insurance companies 27.2%, savings and loan associations 7.8%, savings banks 6.8% mortgage companies 1.7%, Federal agencies 6.9%, and all others 4.1%."

Fla. Court Upholds SEC "Death Sentence"

The right of the Securities and Exchange Commission to require complete reorganiaztion of an operating company if such action is in line with an equitable distribution of the voting power of the concern has been affirmed by a Federal District Court, the Commission learned on Sept. 24, according to special Philadelphia advices on that date to the Chicago "Daily Tribune," which reported the Court's conclusions as follows:

"In the first contested case under the corporate simplification section of the 'death sentence' clause involving an operating company and in the first case anywhere determining the power of the Commision under the last sentence of that section, 11 (B) (2), the Commission on Tuesday (Sept. 22) won a sweeping victory in the Federal court in Jacksonville. Fla.

"First news of the opinion handed down by Judge Louis W. Strum, upholding every contention of the Commission and establishing its powers on a far higher plane than the Commission itself for years had attempted to establish, reached the Commission today with the arrival of Judge Strum's opinion.

"The case was that of the Jacksonville Gas Co. a subsidiary of the American Gas & Power Co. Judge Strum upheld in its entirety a voluntary plan for reorganization submitted to the SEC by Jacksonville Gas and in turn submitted by the Commission to the court for enforcement.

"Judge Strum found that the Commission had virtually unlimited powers under the last sentence of section 11 (B) (2), which reads:

"Except for the purpose of fairly and equitably distributing voting power among the security holders of such company, nothing in this paragraph shall authorize the Commision to require any change in the corporate structure or existence of any company which is not a holding company, or of any company whose principal business is that of a public utility company."

For years the Commision, in passing upon refunding proposals made by operating companies, has operated on the theory that its power under that sentence was extremely limited, and has permitted company after company to refund its debt when its setup was not dissimilar from that of Jacksonville Gas.

"When the act says that the Commision is not authorized to require any change in the corporate structure of an operating utility, 'except for the purpose of fairly and equitably distributing voting power among the security holders of such company,' it clearly implies that the Commission may require such change if it be for that purpose," Judge Strum held.

"Else why was the quoted exception included in the act? If Congress intended to withhold such power, that intent would have been evidenced beyond debate by simply omitting the quoted exception. Its inclusion in the act must be given appropriate significance and weight."

Banks Elected Members Of Commerce Chamber

Frederick E. Hasler, President of the Chamber of Commerce, announces that the following New York banks had been elected corporate members of the Chamber:

Guaranty Trust Co. of New York, Bankers Trust Co., Public National Bank & Trust Co., Commercial National Bank & Trust Co., National City Bank, New York Trust Co., Bank of the Manhattan Co., Bank of New York, Manufacturers Trust Co., Title Guarantee & Trust Co., Marine Midland Trust Co., Corn Exchange Bank Trust Co., Chemical Bank & Trust Co., Central Hanover Bank & Trust Co., Discount Corporation of New York, Chase National Bank, J. P. Morgan & Co. Incorporated, Irving Trust Co., First National Bank of New York, Continental Bank & Trust Co., and the Fifth Avenue Bank.

The announcement of the Chamber adds:

"The above list includes the entire bank membership of the New York Clearing House. Their election to corporate membership is due largely to the efforts of Percy H. Johnston, Chairman of the Chemical Bank & Trust Co. and former President of the Chamber. During Mr. Johnston's administration the by-laws of the Chamber were amended to permit corporate memberships for the first time in the 174 years' history of the organization.

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State Vice-Presidents Are Named By ABA

State Vice-Presidents of the American Bankers Association have been appointed for the year 1942-43 by W. Linn Hemingway, A. B. A. President, who is President of the Mercantile-Commerce Bank and Trust Co., St. Louis, it was announced at Association headquarters in New York.

Ten of the appointees are newcomers to the A. B. A.'s roster of State Vice-Presidents. They are:

Iowa—Richard R. Rollins, Vice-President, Bankers Trust Co., Des Moines;

Kansas—A. W. Kincade, President, Fourth National Bank, Wichita;

Minnesota—N. A. Welle, Cashier, Arlington State Bank, Arlington;

New York—Frederick V. Goess, President, Prudential Savings Bank, Brooklyn;

Ohio—A. C. Johnston, President, Kenton Savings Bank, Kenton;

Oregon—J. B. Booth, Vice-President, Benton County State Bank, Corvallis;

South Carolina—L. M. Milling, Vice-President, the South Carolina National Bank, Columbia;

Texas—D. T. Ray, Vice-President and Trust Officer, First National Bank, Houston;

Vermont—Stetson C. Edmunds, Treasurer, Rutland Savings Bank, Rutland, and

West Virginia—Hayes Picklesimer, Executive Vice-President, Kanawha Valley Bank, Charleston.

The announcement adds that in other States, the Association's State Vice-Presidents who served during the year 1941-42 have been reappointed to their offices by President Hemingway.

Rail Bond Quotations

Putnam & Co., 6 Central Row, Hartford, Conn., members of the New York Stock Exchange, have issued a circular containing quotations on railroad bonds qualifying as legal investments for savings banks in the States of Connecticut, Massachusetts and Rhode Island.

Now Edward Rice Co.

The investment business of August Belmont & Co., 45 Cedar St., New York City, will be continued by Edward Rice, one of the partners in the firm, under the name of Edward Rice Co. Morgan Belmont, partner with Mr. Rice in August Belmont & Co., is now a Major in the U. S. Army Air Corps.

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Our Reporter On "Governments"

(Continued from First Page)

Well, maybe. . . . "It's all right considering the size and the rate" is a pretty weak statement in comparison with the "great success" comments of the Treasury chief in the past. . . . And Morgenthau's insistence on the idea that he planned it that way just doesn't ring as true as it might. . . .

We know the Treasury is planning to place an interest rate ceiling of 2% on all issues to banks during the war. . . . We know now that the Treasury is planning to keep the maturity range within 10 years and fill bank portfolios with low-coupon intermediates. . . . Admittedly, that's what the American Bankers Association's policy committee recommended. . . . Supposedly, a lot of banks will be pleased with this decision. . . .

But inside the market, the feeling is quite the opposite. . . . One report circulating is that late last Friday, banks all over the country received telephone calls from Reserve Bank officials requesting them to increase subscriptions or enter new ones. . . . Whether true or not, the story suggests the psychology around. . . .

Another tale is that many banks are building up their positions in longs and very shorts so they'll be fully invested when the next issue comes along and won't be compelled to buy on a new financing date. . . .

It just doesn't sound good. . . . And it's a pity for it didn't have to happen. . . .

One wonders whether Morgenthau can maintain the 2% rate without tremendous difficulty—if he antagonizes the investors upon whom he must depend. . . .

Incidentally, the remark of the Treasury head that he saved $10,000,000 annual interest by issuing 2s instead of 2¼s is not exactly to the point, for of course a lower coupon is possible when a maturity date is shortened. . . .

EXCELLENT INNOVATIONS

Two good things that may be said about last week's financing are that Morgenthau moved in the right direction by placing an over-all limit on subscriptions rather than a limit on each issue and that he adopted an excellent policy in allotting securities in full to non-bank buyers. . . . The second move is smart and effective as an anti-inflation step. . . . Many times in recent years, non-bank buyers of Governments have been discouraged and badly confused by the allotment practice. . . . Many investors have bowed out after several disappointments and have turned to buying bonds in the open market after an issue date. . . . Morgenthau wants that type of investor now. . . . This is one good way to get him. . . .

As for the first move, involving an over-all limit, that certainly was wise on an issue of this nature. . . . This is a guess being made prior to publication of these statistics, but the feeling among informed sources here is that the big subscriptions were on the note side. . . . The policy of determining the proportionate amount of bonds and notes to be issued by the relation between total subscriptions received, therefore is good insurance. . .

It's too bad these last few sentences must be written, but it's the same story throughout this analysis. . . .

NEXT FINANCING

Later this month, Morgenthau will be faced with another financing job—the meeting of the $1,500,000,000 certificate of indebtedness issue, due Nov. 1. . . . Odds are this will be a "roll-over," and holders simply will be given another c. i. issue. . . . Maybe the Treasury will ask for some new money too, by increasing the size of the c. i. issue to be sold. . . .

After that will come the November borrowing, assuming Morgenthau continues his policy of month-to-month financings, at least for a while. . . . We should get another reopening of the "taps" soon, incidentally. . . . Perhaps next month. . . . That's what most insurance companies are waiting for and thus, their subscriptions to the last issue weren't as heavy as they might have been had the coupon on the bond offering been more attractive. . . .

The Treasury will have to go to Congress soon and ask for another boost in the debt ceiling. . . . Ceiling is now at $125,000,000,000, which means we're safe enough for the time being but by mid-1943, the total of outstanding interest-bearing securities should be up to the $140,000,000,000 mark. . . . Which means another request for a higher maximum—or a request for "no maximum for the duration"—with a few months. . . .

INSIDE THE MARKET

Many dealers last week remarked they would have felt better about the issue had Morgenthau come out frankly with a straight March, 1950 bond. . . . The idea of a call date in 1950 didn't go over so well, because virtually every observer expects these bonds to remain out until maturity. . . .

There was scarcely a trader in Wall Street after terms were announced who didn't express his disappointment in colorful language. . . .

Excess reserves of New York banks were around the $450,000,000 mark when the issue was sold, are way down now. . . . But the Reserve Board has promised to keep the position of banks as easy as desirable as long as war financing is necessary. . . . So whatever cuts in requirements are essential, will be arranged for. . . .

Some gossip around that Treasury may "cash" some of its $1,800,000,000 of gold in its stabilization fund soon and use that money for financing purposes. . . . Doesn't seem a nearby probability, though. . . .

W. Wallace Lyon Dies

W. Wallace Lyon, senior partner of W. Wallace Lyon & Co., 120 Broadway, New York City, members of the New York Stock Exchange, died of a heart attack while in New Hampshire.

Mr. Lyon was chairman of the board of Kerby Saunders, Inc., a director of the American Equitable Assurance Company of New York, Globe Insurance Company, Knickerbocker Insurance Company, Merchants and Manufacturers Insurance Company, New York Fire Insurance Company, and the Grand Central Theatre, Inc., and a member of the Siwanoy Country Club.

S. R. Gaynes Co. Moves

S. R. Gaynes, President of S. R. Gaynes & Co., announced the removal of their offices to 277 Broadway, corner Chambers St., New York City. S. R. Gaynes & Co. represent Insured Savings Institutions where monies can be placed in savings accounts and earn dividends of 4% per annum. Mr. Gaynes is the former Director of Public Relations of the Ninth Federal Savings and Loan Association.

Legal Oddities

CUSTOMER'S CHOICE

If a broker is carrying 1,000 shares of X stock, 2,000 shares of Y stock and 4,000 of Z stock for a customer on the usual margin contract, and the account is apparently quite invulnerable, the customer may at any time order the broker to sell all the stock, or all of any one, or all of any two, or any part thereof.

If the account becomes highly vulnerable, and the margin is in danger of becoming exhausted, then, as a general rule, the broker cannot close out the account until he has made a reasonable demand for additional margin.

If the customer ignores such demand, then the broker may sell all the stocks or enough thereof to reimburse himself.

Suppose, for the sake of making a case, that the customer does respond after a fashion.

"I can't put up any more margin," he avers, "but you sell that Z stock at the market. It'll pay you and leave the X and Y stock for me."

"No—I'm entitled to my money, and it's my privilege to sell any stock or stocks I please or damn please," the broker maintains.

"It's always the customer's right to sell any stock or any part thereof that he wishes."

"That's true," the broker agrees, "as long as the account is in good shape, but after a lawful demand for additional margin the customer loses the right to pick and choose which passes to the broker."

This point came before the Connecticut courts in a recent case (Spicer vs. Hincks, 113 Conn. 366, 115 Atl. 508) where it was held that where it is not necessary to sell all the stocks carried on margin (in order to reimburse the broker) the customer's right to say what stock or stocks shall be sold is not nullified by the failure to furnish additional margin on demand, if no risk of loss to the broker is involved.

To Pay On San Paulo 7s

J. Henry Schroder Banking Corp., New York, announces that they have received funds to make a payment of 50% of the interest nominally maturing April 1, 1941 which became payable Oct. 1, 1942 on State of San Paulo 7% Coffee Realization Dollar Loan 1930 under the terms of Decree No. 23829 of Feb. 5, 1934, promulgated by the Federal Government of Brazil, as modified by Decree Law No. 2085 of March 8, 1940. The announcement adds:

"However, arrangements to issue three additional coupons to cover that instalment and the two subsequent instalments of interest under Law No. 2085 have not been completed. As soon as final arrangements with respect to the three additional coupons have been made by the Brazilian authorities, a notice to this effect will be published in the press."

Ins. Stocks Look Good

Summaries of the reports for the six months to June 30, 1942, of the Agricultural Insurance Co., Federal Insurance Co., Insurance Company of North America, Maryland Casualty Co., and United States Guarantee Co. indicate favorable situations which should prove most interesting, according to memoranda just issued by Mackubin, Legg & Co., 22 Light St., Baltimore, Md. Copies of these memoranda may be had upon request from Muckubin, Legg & Co.'s Bank and Insurance Stocks Department.

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Federal Tax Institute Sponsored By N.Y.U.

New York University will sponsor an Institute on Federal Taxation from Nov. 30 to Dec. 11 to meet the needs of attorneys, accountants, corporate officials and trust officers whose work is largely concerned with tax matters, it was announced on Oct. 6 by Paul A. McGhee, acting director of the Division of General Education. Scheduled to meet for the ten-day session after the details of the new Federal tax law have been completed by Congress, the Tax Institute program will be conducted by a committee composed of J. K. Lasser, tax authority and lecturer in the Division of General Education, Dr. Rufus D. Smith, provost of New York University; Harry J. Rudick, lecturer on taxation at the University's School of Law, and Paul Studenski, Professor of Economics in the University's School of Commerce, Accounts and Finance. The announcement issued by Mr. McGhee also says:

"Sessions will be held afternoons during the ten-day period, leaving the mornings free for members to attend to personal and business matters during their stay in the city. Thirty nationally known authorities on Federal tax matters have accepted invitations to become discussion leaders and lecturers. Following the afternoon sessions, which will be devoted to formal presentations of special topics, the group will meet for dinner and informal discusion. Representatives of the Treasury Department are expected to attend the sessions to discuss current thinking of the Treasury on various technical matters.

"The fall date of the Institute was selected so that those attending would have an opportunity to study the details of the 1942 tax law under expert leadership before they are called upon to advise clients and prepare corporate and estate returns based upon what is expected to be the most drastic piece of tax legislation ever enacted by Congress. The fact that over 7,000 attorneys and certified public accountants have been admitted to practice before the United States Board of Tax Appeals in recent years illustrates the growing importance of Federal tax litigation with the increasing complexity of each succeeding Federal tax law, according to Mr. McGhee. One of the purposes of the Institute is to assist attorneys and accountants, who have recently taken up this specialized work, to become familiar with current trends in tax matters."

The Institute was organized by a planning committee of which Mr. Lasser is Chairman.

Compares N. Y. Banks

An interesting comparative survey of the leading banks and trust companies of New York as of Sept. 30, 1942, has been compiled by New York Hanseatic Corporation, 120 Broadway, New York City. Copies of this study which is arranged in convenient tabular form may be had from New York Hanseatic Corporation upon request.

OCT 16 1942

Final Edition THURSDAY In 2 Sections – Section 2

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President Warns Manpower Legislation May Be Needed — Calls For Lowering Draft Age To 18

Declaring that "we must now learn to ration man power," President Roosevelt on Oct. 12 expressed the belief that it will be necessary to lower the present minimum age limit for military service from 20 years to 18.

In a radio address to the nation covering many topics, the President said that the drafting of youths is important to the speeding up of victory. Concerning the man power problem, Mr. Roosevelt stated that legislation will have to be adopted if the volunteer effort does not suffice. In order to meet the needs of the armed forces, war industries and farms, he said the Government would "be compelled to stop workers from moving from one war job to another as a matter of personal preference; to stop employers from stealing labor from each other; to use older men, and handicapped people, and more women, and even grown boys and girls, wherever possible and reasonable, to replace men of military age and fitness; to train new personnel for essential war work and to stop the wastage of labor in all non-essential activities."

The President explained that "it is not that we do not have enough people in this country to do the job. The problem is to have the right numbers of the right people in the right places at the right time."

With regard to his recent inspection tour around the country, Mr. Roosevelt said that the main thing he observed was the "plain fact that the American people are united as never before in their determination to do a job and to do it well." He added that the "unbeatable spirit" of the American people was seen everywhere.

As to the battle of production, the President said "we are getting ahead of our enemies" and "we are by no means at full production level yet." He also stated that through increased ship production "we are getting ahead of our enemies in the bitter battle of transportation."

The text of the President's address follows according to the Associated Press:

"As you know, I have recently come back from a trip of inspection of camps and training stations and war factories.

"The main thing that I observed on this trip is not exactly news. It is the plain fact that the American people are united as never before in their determination to do a job, and to do it well.

"This whole nation of 130,000,-

(Continued on page 1358)

FROM WASHINGTON
AHEAD OF THE NEWS

By *CARLISLE BARGERON*

Washington these days reminds you of the old Southern darkey who moseys along chanting: "I'm going crazy, dontcher wanna come along."

Contemplate a picture, if you please, of one Government agency, the War Labor Board, going along merrily these many months granting increases to war production workers, and another agency, Henry Morgenthau's Treasury, going right along after them insisting it had to gobble these increased earnings up or they would cause inflation. Henry has made known that he isn't through yet and no sooner is the pending tax bill definitely out of the way than he will submit another one calling for $6,000,000,000. Why the increases in the first place, except that it causes what is known as an activity and provides jobs for countless bureaucrats in the process. Perhaps, that is the purpose of the whole play.

I recently made a tour out in the country and can report that Henry is going to have one gawd-awful time collecting these taxes. In only rare instances has any provision been made for their payment. A married man making $60 a week in a war plant or around $3,000 a year must dig up $340 as the Senate passed the bill, and if the observations of my trip bear out, the loan sharks are going to do a landoffice business.

The really serious phase about Henry's gobblings is that in trying to rake back the inflationary cream, or so he says, he is giving an awful squeeze to that little fellow who has enjoyed no increased earnings at all; indeed, his earnings have gone down because of increased costs.

Nevertheless, a good time is being had by all. What makes everything so additionally pleasant is Leon Henderson's frequent prophecies that we will return to our living standards of 1932. I assume that when we do that we will have all of the prerequisites

(Continued on page 1359)

Notice To Our Readers

Due to the constantly expanding volume of current news of paramount importance to business and industry, we are obliged, owing to space limitations, to divert to Section 1 a considerable amount of material which, under ordinary conditions, is usually contained in this section of the "Chronicle." In bringing this matter to the attention of our readers, we are mindful of our pledge to make every effort to increase the value of the "Chronicle" by reporting, without delay, all of the information essential to a thorough knowledge of the manifold changes in tax and other legislative matters originating in Washington, together with the activities of the many Government agencies whose functions are of increasing importance to the conduct of business in the present emergency.

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THE FINANCIAL SITUATION

The 2% bond to run 8-10 years offered by the Treasury last week met a cool reception. It was evidently absorbed with reluctance by the financial community. According to what appear to be reliable dispatches from Washington, the episode evoked from the Secretary of the Treasury early this week a statement to the effect that he was still determind to "finance this war on a 2% basis" at least so far as this type of bond is concerned. This intended course of action was, so far as can be learned, defended chiefly, if indeed not solely, on the ground that it would "save the Government" many millions of dollars in interest charges.

At 2 Per Cent

The Secretary is quoted as referring to such issues as being intended for the banks of the country, and what he said is made to appear the equivalent of a statement to the effect that he expects these institutions to absorb a good many billions of dollars in bonds at some such rate of return. Since the issue offered last week, and the other issues preceding it, were open to subscription by buyers other than banks, it may not be wholly accurate to apply the remarks of the Secretary solely to the banks, but the fact remains that the lion's share of these issues are now going of necessity into the portfolios of the banks, and as matters are now proceeding must do so in the future. It may be fairly assumed, therefore, that whatever the exact language of the Secretary he is in effect demanding that the commercial banks supply the Government with a great many billions of dollars in return for 2% bonds—telling them by plain implication, if not in so many words, that it is their patriotic duty to respond without grumbling because thereby they will save the Government and the country a great deal of money in future interest payments.

Is the chief financial officer of the national Government warranted in taking such a position? In ordinary times, perhaps, the question would hardly be worth asking or answering. The market itself, which in this instance is on the buying side, at least the banking community, would be the final arbiter, and what the borrower happened to think about the justice or wisdom of its decisions would be of no more than academic interest. These, however, are far from ordinary times. The Government through the years has now built up all manner of means of placing

(Continued on page 1354)

Such It Should Be

I can say one thing about these (strategic) plans of ours: They are not being decided by the typewriter strategists who expound their views in the press or on the radio.

We . . . will continue to leave the plans for this war to the military leaders.

The military and naval plans of the United States are made by the joint staff of the Army and Navy, which is constantly in session in Washington. The chiefs of this staff are Admiral Leahy, General Marshall, Admiral King and General Arnold. They meet and confer regularly with representatives of the British joint staff, and with representatives of Russia, China, the Netherlands, Poland, Norway, the British dominions and other nations working in the common cause.

***Since this unity of operations was put into effect last January, there has been a very substantial agreement between these planners, all of whom are trained in the profession of arms—air, sea and land—from their early years. As Commander-in-Chief, I have at all times also been in substantial agreement.—*President Roosevelt.**

History could say nothing better of the President than that he left military decisions to military men.

THE FINANCIAL SITUATION

(Continued From First Page)

the banks under irresistible pressure to do its bidding. Besides, we are at war and when we are at war it is a simple matter for those in positions of power to place any institution or individual in an exceeding uncomfortable position should it refuse or fail to do what it or he is told to do.

Is It Wise?

It is, therefore, not only proper but essential to raise the question of the soundness of the Treasury's position in this matter, and to give it the searching deliberation it obviously deserves. We may well begin with the Treasury's own statement of its case. Will the Government and the people of the country in reality be "saved" many millions of dollars by the course of action indicated? Of course, the Government would be obligating itself to pay less money in interest in the years to come. The direct, immediate cost to the Treasury would be less. Of this obviously there can be no dispute. But is this the whole story? If so, then it may be inquired why the Treasury does not suggest the issue of obligations bearing no interest to be foisted upon the public by making them legal tender. Interest charges would then disappear altogether so far as future issues are concerned, and the "savings" would be many times greater than the Treasury can hope to effect by its chosen course of action.

Why Not "Greenbacks"

The reason the Secretary makes no such proposal is doubtless that he believes the injury that would be done by the issue of "greenbacks" would far more than offset savings in interest, but may not the same objection be raised against this avowed policy of making use of wholly arbitrary power to place interest bearing obligations in the hands of the public at prices far above those which would be possible in the absence of the use of such power? It seems to us that such an objection could very well be raised, indeed must be raised. It would, so we believe, be valid in any event but is particularly valid when the plan is to force these over-priced obligations into the portfolios of the commercial banks. It was bad enough in the first World War when the Treasury brought all manner of pressure upon the rank and file to purchase its obligations (very often with money borrowed at relatively high rates of interest) at prices which later proved to be far above that which the real market warranted. To oblige—for that is what it is—the banks to distend themselves inordinately by acquiring assets at prices which can at best be maintained only by most vigorous manipulation is to assume a grievous responsibility.

We are well aware that such in essence has been the policy of the Treasury for a good many years past. The practice in one degree or another, indeed, reaches further back in history than 1933. It has, however, been practiced much more sedulously during the past decade than ever before within the memory of living man at least. We need not be told, either, that as one result of this policy the banks are already over-loaded with Government obligations acquired at such high prices that the banking system of the country, by and large, is now dependent for its health if not its very life upon the market for such securities. We fully recognize the fact that since the banks even now find themselves in this position it is not feasible, even if we were not obliged to consider the difficult and urgent problem of financing an "all-out" war, to undertake forthwith and without further ado to place future issues of Government obligations upon a normal market footing.

Further Aggravation

But is it not a serious blunder at this time to proceed deliberately to aggravate an unfortunate condition? It is perfectly plain that this is precisely what the Treasury is doing with this 2% war financing program. It is, of course, evident that the nation must call upon the banks to shoulder enormous burdens in the financing of the war. It may well be true, in our judgment it is true, that the general program of the Treasury is such that more is likely to be asked of the banks than is wholly necessary, but no matter how well or how wisely the national Government goes about the task of financing this war, the commercial banks will without any reasonable question find themselves at its close loaded with Government obligations in a degree never dreamed of in the past. That can not be avoided. Neither, probably, is it feasible at this late date to manage our affairs so that these bloated portfolios will not be carried at abnormally high values. These are infirmities which, in the given circumstances, must be borne, and they bid fair to give no end of trouble when the war is over, but why needlessly aggravate them for the sake of a few hundred millions of dollars which cannot be expected to come even near paying for the harm that the aggravation of an unfortunate situation must inevitably cause?

These are facts well known to serious students of banking and related subjects. No one is more fully aware of them and of their dreadful significance than the bankers themselves, who unfortunately are no more in a position to make effective complaint than are the thousands, yes, millions of individuals throughout the land who are being virtually obliged to subscribe to war bonds when all considerations of common sense and public welfare suggest that they do something else with their money. The Treasury should reconsider.

Roosevelt Lauds AFL For Labor's War Work

Lauding the work of labor for its war production record, President Roosevelt in a message to the American Federation of Labor at Toronto on Oct. 6 expressed to the officers, delegates and members of the Federation his "cordial appreciation of all they have done to further the war effort." Following the reading of the message President Green thanked President Roosevelt for his "inspiring message" and declared that the Federation "will respond to every request that the President may make." The message of President Roosevelt to the Convention follows:

"Your invitation to attend the annual Convention of the American Federation of Labor is always a welcome one, but because of pressing duties here I must deny myself the privilege of being with you.

"Will you, however, express to the officers, delegates and members of the American Federation of Labor assembled at this, its 62nd annual Convention, my cordial appreciation of all they have done to further the war effort?

"Our production record speaks for itself and for the working people; it is splendid. Everywhere during my recent inspection of war activities I found the workers doing all that was laid out for them and more. At every turn they gave assurance that they can take whatever it takes to win this war. They are not afraid of hard continuous, precise and dangerous work. They are walking up to it as their duty and part in the war. They are proud of it.

"The various groups which comprise the Federation will, I hope, make available at this time their most statesmanlike leadership. Officers and delegates of the trade union movement consecrated to preserve the freedom of humanity, can serve today the whole people of this country, as well as the loyal membership.

"With best wishes for a Convention whose words and actions will contribute to that unity of purpose so essential in this hour when civilization itself is at stake and with warm congratulations, believe me,

Sincerely yours,

FRANKLIN D. ROOSEVELT."

In his answer at the Convention to the President's felicitations, Mr. Green said:

"We deeply appreciate this inspiring message just read to you from the President of the United States. I want to say in reply and in your behalf that the membership of the American Federation of Labor will respond to every request that the President of the United States may make, and to every order which he may issue as Commander-in-Chief of the Army and Navy of the United States. We recognize him as the commander of the army of production just as much as he is commander of the armed forces of the nation.

"Please note that he stated in his message that he found, not that he was informed, during the trip that he made throughout the United States that the service of the workers of our country was splendid. That strikes me very deeply, as I know it strikes you. It confirms the claims we have made that the soldiers of production are measuring up to the high standards set for us by the President of the United States.

"Publicly and in your presence here I want to thank the President of the United States for this inspiring message sent to this Convention."

At the Oct. 4 session of the Federation's Toronto Convention President Green pledged the support of the organization in behalf of the Government's efforts to combat inflation, indicating that the Federation would cooperate in the President's program embodied in his Executive Order of Oct. 3 providing for the stabilization of wages, salaries, prices, etc., referred to in our Oct. 8 issue, page 1265. According to the Associated Press Mr. Green stated that he interpreted he wage features as stabilization and not "freezing." The same advices said:

"Although unable to express an opinion on all sections of President Roosevelt's executive order, he said in a press conference that one feature for which the AFL and CIO had contended had been embodied in the order.

"That is the exercise of the right of collective bargaining in mediation and utilizing the services of the War Labor Board in working out wage scales and settling wage disputes."

He added that "the power and authority of the War Labor Board has been protected and preserved."

Commodity Loan Rates Are Increased By Govt.

President Roosevelt on Oct. 7 authorized Secretary Wickard to increase Commodity Credit Corporation loan rates on cotton, tobacco, rice, and marketing quota peanuts, in accordance with provisions of the Price Stabilization Act approved by the President on Oct. 2. By this authority the loan rate has been increased from 85% to 90% of parity prices of cotton, tobacco, rice, and marketing-quota peanuts. No increases were authorized by the President in the loan rates on wheat and corn.

The Agriculture Department's announcement to this effect stated:

"The loan rates on cotton produced in 1942 will be increased 1 cent per pound above the rates previously announced for all grades, staples and locations. The increased loan rate goes into effect immediately, and additional payments will be made to producers who have already obtained loans on the 1942 crop.

"The new loan and purchase rates on marketing-quota peanuts will be: No. 1 Class A Virginia $140 per ton; No. 1 Southeastern Spanish $141 per ton; No. 1 Southwestern $139 per ton; No. 1 Runner $127 per ton.

"No change will be made in the existing program for peanuts produced in excess of the marketing quotas. The support prices in this program are more than 110% of the comparable prices determined for peanuts for oil and the new law requires only a 90% rate.

"In the case of rice, increases averaging 6 cents per bushel will be made, but the amount will vary by areas and varieties.

"All tobacco loan rates will be increased to 90% of parity but no loans have been made at the 85% of parity rate and the market prices of flue-cured tobacco, the only type being marketed at the present time, are well above parity.

"Secretary Wickard stated with regard to loans on corn and wheat: 'Obviously, any advance in the price of corn would tend to restrict the output of livestock products so greatly needed at the present time. Approximately half the wheat has already been placed under loan or has been sold. Any increase in the loan rate on wheat would tend to decrease the quantity fed. This would tend to decrease livestock production, and probably would interfere also with the effort next year to get the required acreage of soybeans, flaxseed and other war crops. The administrative task involved therefore in changing the wheat loan makes the adjustment for this year impractical. Neither the wheat producer nor the corn producer will lose by keeping the loan rate at 85% of parity since they are assured parity return by payments if they are program cooperators. Some wheat is fed on the farms each year'."

The text of the anti-inflation bill appeared in these columns of Oct. 8, page 1237.

August Truck Freight Volume 2.2% Over July

The volume of freight transported by motor carriers in August increased 2.2% over July and 10.9% over August, 1941, according to reports compiled and released on Sept. 28 by the American Trucking Associations.

Comparable reports were received by ATA from 210 motor carriers in 43 states. The reporting carriers transported an aggregate of 1,611,488 tons in August, as against 1,576,652 tons in July, and 1,453,709 tons in August 1941.

The ATA index figure, computed on the basis of the average monthly tonnage of the reporting carriers for the three-year period of 1938-1940 as representing 100, was 182.92. The index for July was 178.92.

Almost 82% of all tonnage transported in the month was reported by carriers of general freight. The volume in this category increased 5.2% over July, and 8.7% over August of last year.

Transporters of petroleum products, accounting for approximately 13% of the total tonnage reported, showed a decrease of 13.4% under July, but held 44.1% above August, 1941.

Haulers of iron and steel products reported about 1½% of the total tonnage. The volume of these commodities showed an increase of 3.9% over July, but dropped 22.2% under August, 1941.

Slightly more than 3½% of the total tonnage reported was miscellaneous commodities, including tobacco, milk, textile products, bricks, building materials, cement and household goods. Tonnage in this class showed an increase of 1.2% over July, but declined 9.2% under August of last year.

NYSE Borrowings Higher

The New York Stock Exchange announced on Oct. 3 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business Sept. 30 was $365,035,047, an increase of $39.270.231 over the Aug. 31 total of $325,764,816.

The following is the Stock Exchange's announcement:

"The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges reported by New York Stock Exchange member firms as of the close of business Sept. 30, 1942, aggregated $365,035,047.

"The total of money borrowed, compiled on the same basis, as of the close of busines Aug. 31, 1942, was $325,764,816."

The State Of Trade

Reports from most industrial sections continue to reflect a high level of activity. While electric output declined slightly from the previous week, it continues substantially higher than last year. Carloadings of revenue freight showed a fair gain for the week. The steel industry sent in encouraging reports.

The nation-wide campaign for collection of scrap metal conducted by the country's newspapers was an important factor, steel men said, in boosting the country's scheduled steel production rate this week to more than 100% of capacity for the first time since our entry into the war.

The American Iron & Steel Institute estimated mills would operate this week at 100.2% of capacity with an output of 1,714,100 tons of steel. The rated capacity level was reported at 1,710,700 tons.

Last week's operations were 98.6% and production 1,686,700 tons, while a month ago the rate was 97.2% and production 1,662,800 tons.

A year ago the industry operated at 98.4% for an output of 1,625,800 tons.

Practically every company reporting to the institute scheduled a rise in production activity and it was assumed this trend resulted in large part from the assurance of larger scrap stock piles from the national salvage drive.

Production of electricity declined to 3,720,254,000 kilowatt hours in the week ended Oct. 3rd, but it was still above the like 1941 period total of 3,330,582,000 kilowatt hours, according to the Edison Electric Institute. The current total receded for the second time from the all-time high of 3,756,922,000 kilowatt hours recorded in the week ended Sept. 19th.

The Pacific Coast area, where the Bonneville and Grand Coulee projects operate, again reported the highest output with 29.1% over last year.

Loading of revenue freight for the week ended Oct. 3rd totaled 907,607 cars, according to the Association of American Railroads. This was an increase of 9,893 cars over the preceding week this year, 10,289 cars fewer than the corresponding week in 1941 and 101,063 cars above the same period two years ago.

This total was 119.18% of average loadings for the corresponding week of the ten preceding years.

Expansion in retail trade during the past week was at a somewhat slower pace than recently, but gains widened sharply over the like period of a year ago, Dun & Bradstreet, Inc., reported.

Aiding the year-to-year comparisons was the letdown at this time in 1941 following the pretax buying rush. Retailers, however, were inclined to attribute much of the stronger tone to broadening demand as fall selling fanned out to include a wider variety of merchandise.

A rush for food products which concentrated on coffee, tea and canned goods lifted store volume 25% above last year and caused grocers to impose voluntary rationing in numerous cities. Liquor and woolen goods of all descriptions were also subjected to investment buying, it was said.

Department store sales on a country-wide basis were up 2% for the week ended Oct. 3rd, compared with a year ago, according to the weekly figures made public by the Board of Governors of the Federal Reserve System.

Department store sales in New York City in the week ended Oct. 3rd were 5% less than in the like 1941 week and in the four weeks ended Oct. 3rd were 7% under the total of the same period last year, the New York Federal Reserve Bank reported.

With peak crop yields of corn, wheat and many other agricultural staples in prospect today, according to the monthly report of the Department of Agriculture, the farm labor shortage is causing no little concern. As a matter of fact, President Roosevelt in his recent radio address, asserted that a formidable problem in the mobilization of manpower confronts this nation, and calls upon the American people for the rationing of manpower in the same way that materials are now being rationed for the war effort.

While the President said it would be necessary to lower the present minimum age limit for selective service from 20 years down to 18, he failed to propose any manpower legislation, indicating instead that voluntary methods of meeting the labor shortage would continue to be employed for the immediate future. He added, however, that if the volunteer effort should prove inadequate in meeting the problem, new legislation will have to be adopted.

The President's decision not to press for manpower legislation at the present time represented a victory for organized labor, whose leaders have opposed compulsory labor mobilization on the ground that volunteer methods have not yet been exhausted.

His warning that new legislation may eventually be unavoidable was regarded, however, as a pointed hint to labor chieftains that the Administration expects their full-hearted cooperation in the piecemeal administrative measures that have been taken to remedy specific labor shortages.

The President stated that in order to reach certain objectives, the Government will be compelled to stop workers from moving from one war job to another as a matter "of personal preference"; stop employers from labor pirating; use older men and handicapped people, and more women, and even grown boys and girls to replace men of military age and fitness; train new personnel for essential war work and stop the wastage of labor in all non-essential activities.

Danger Of Inflation Continues Despite Bill To Control Wages and Prices, Says R. E. Paul

Objections to both the sales tax and the Ruml pay-as-you-go tax plans were expressed by Randolph E. Paul, General Counsel of the Treasury in addressing a dinner meeting of the American Statistical Association in New York City on Oct. 7. Mr. Paul noted that "the tax on which we have so far placed major reliance in tapping the income of individuals is the individual net income tax." He went on to say:

"This tax should continue to be our major reliance. It meets most of the relevant criteria, and has few of the defects of other suggested taxes. The individual income tax can distribute the burden equitably, since it provides exemptions and is levied at progressive rates. The tax is based on net income—the fairest known measure of individual ability to pay taxes. Because it is progressive, and can therefore be adjusted to individual needs, it is capable of almost indefinite expansion as our revenue requirements increase.

"In one important respect, however, the individual income tax in its present form is inadequate. As it is now collected the income tax is payable only in the year **following** the year in which the income is received. In consequence, the income tax is not quickly responsive to changes in the national income or to changes in tax rates. This defect can in large part be eliminated by the introduction of collection at the source. It is for this reason, among others, that the Treasury has so strongly urged that collection at source be used in connection with the regular net income tax."

Mr. Paul declared that the Ruml plan fails to accomplish its avowed objective, namely, to put the tax-payer on a current basis. He stated that "the Ruml plan skips a year by changing labels," and he added:

"The income tax you pay this year now bears the label, 'tax on 1941 income.' Mr. Ruml would change that label to 'tentative tax on 1942 income.' In other words, he would forgive the 1941 tax entirely and treat the payments you make this year as current payments on your 1942 income. But that is not all. When March, 1943, comes around, you would have to file a return showing your actual 1942 income. If that is higher or lower than your 1941 income—and it will rarely be the same—you would either pay an additional tax or claim a refund. So far, the tax computations have all been at existing rates and exemptions."

The failure of the Ruml plan to put the taxpayer on a current basis, Mr. Paul said "arises from the necessity of adjusting annually the tax paid during the preceding year to take account of year-to-year income variations." Mr. Paul continued:

"If a taxpayer's 1943 income is $3,000 while his 1942 income was $10,000, he will currently have to pay a $10,000-level tax out of a $3,000 income; or if it is the other way around, he will pay a $3,000-level tax out of a $10,000 income. Changing the label on the tax has certainly not put the taxpayer on an actual pay-as-you-go basis. In fact, the annual adjustment for the previous year's payments means that taxes of persons with fluctuating incomes will be even further out of step with income than they are at present. Treasury studies using the incomes of selected taxpayers over a 10-year period show that in every case taxes would have fluctuated more—would have been further out of step with income—under the Ruml plan than under the present payment method.

"The objective of putting the income tax on a current basis is an admirable one and deserves hearty support. The sound way to accomplish this objective is to collect as much as possible at the source—that is, to withhold at least the basic part of the tax from wages, salaries, and dividends at the time they are paid. That is a truly pay-as-you-go method."

As to the spendings tax, Mr. Paul stated:

"The **net** income—not the **group** income — tax comes closest to satisfying the tests I have set forth. It should, therefore, remain our major reliance for war finance. At the same time, if the income tax is increased rapidly, a point is reached beyond which further increases run counter to some of the tests of sound taxation. Under present conditions it is difficult to increase the individual income tax as much as is necessary unless allowance is made for fixed commitments to repay debts, to pay life insurance premiums, and to make regular savings — forms of expenditures that exert no inflationary pressure. Further the income tax operates exclusively through withdrawing purchasing power; it does not encourage individuals to use the money that remains for saving rather than spending.

"These shortcomings can be overcome by supplementing the income tax for the duration of the war—and for this period only—with a spendings tax of the type recently proposed by the Treasury. Such a spendings tax is designed to exert pressure at those points where the income tax cannot do so. In conjunction with the income tax it provides a flexible and adaptable tax mechanism.

"The spendings tax would be levied on the amount that individuals spend on consumer goods and services. It would provide for the complete exemption of individuals whose spendings are below specified amounts. It would be levied at progressive rates on spendings above these amounts. Because it is levied on **spendings** rather than **income**, it would give relief to persons who are devoting a large part of their income to the repayment of debt, payment of life insurance premiums, the purchase of war bonds and other forms of saving. Because savings in any form are exempt from the tax, the spendings tax gives individuals an incentive to **save** rather than to **spend.** The money which is saved is not taken as tax revenue but it is removed from the spendings stream. It can no longer contribute to inflation.

"The **spendings** tax has been compared with a **sales** tax. Such a comparison is dangerously misleading. To say that the spendings tax and the sales tax are equally capable of dealing with inflation because both are levied on consumer expenditures is equivalent to saying that a destroyer and a canoe are equally capable of dealing with a submarine because both float on water. The spendings tax is a strong and powerful instrument capable of dealing with the dangers of inflation. It has all of the virtues of the sales tax and none of its defects. The sales tax, on the other hand, is completely inadequate as an instrument of inflation control. It does not reach the magnitudes of our problem.

"The spendings tax is more powerful as an inflation curb than the sales tax because it can be made selective in its impact. By granting exemptions and by being levied at progressive rates it can bring pressure to bear where pressure is needed. It can force substantial reductions in consumption by persons whose living standards can stand such reductions without at the same time putting a crushing burden on the persons whose living standards are low. The spendings tax therefore combines equity with real inflation control."

Mr. Paul's address dealt with the subject of "Prices, Taxes and Inflation," and in noting that "taxes have little or no effect on the real physical cost of the war, he said:

"Their function is to *distribute* this cost, and to adjust the monetary situation to the real situation. However, taxes can accomplish this function, and can be adapted to the economic realities of the day, only if they satisfy certain acid tests.

"It can hardly fail to be worth while to state these tests candidly and without equivocation.

"1. The burden of taxes and the pressure they exert should be very light on the millions whose standard of living is inadequate to support productive efficiency. The burden should increase as the standard of living rises so that the pressure should be greatest on those elements of spending which are least necessary to the individual and to the war effort. This objective is often viewed as a task to be undertaken only if it is not too difficult, and to be avoided at the slightest provocation. Such an attitude reflects a serious misconception of the functions of taxation. As I have suggested, one of the major reasons for accepting taxation instead of inflation is precisely to enable ourselves to distribute the cost of the war more equitably.

"Moreover, more than fairness or equity is involved. We shall lose much more than we gain if we so reduce the standard of living of our less fortunate citizens as to impair their morale and productive efficiency. If taxes are to promote, rather than hinder, our transition to maximum war production, they must conserve efficiency; they must interfere as little as possible with the incentive of individuals to work, to work longer, and to work more efficiently.

"2. Taxes must operate to withdraw purchasing power from the hands of consumers. They must be capable of withdrawing purchasing power currently as it is received and they must be capable of rapid adjustment to meet changes in the economic situation. Insofar as is practicable they should actually discourage consumer spending, since the pressure of income on prices and the cost of living results from the effort to use purchasing power. Moreover, taxes should not make more difficult the exercise of direct price control, rationing, and other methods of inflation control.

"3. Taxes must be capable of sufficient expansion in scope to meet the growing problem of excess purchasing power and to be adaptable to future war and postwar needs.

"4. Taxes should be reasonably capable of administration in the light of their importance as anti-inflationary and revenue measures. They should raise no serious problems of tax compliance, and they should impose as little a drain as possible on scarce men and machines.

"5. Additional taxes should recognize the necessity of facilitating a gradual adjustment of commitments undertaken at lower tax levels to pay debts, purchase insurance, and make regular savings.

"These criteria furnish a basis for judging the adequacy of various suggested methods of modifying our tax system to meet wartime needs."

In conclusion Mr. Paul had the following to say:

"I have been discussing a few of the many taxes that might be used to avoid inflation. The evils of inflation are widely recognized. Nonetheless, continued and accelerated inflation remains a very real threat. Disagreement about the proper course of action combines with inertia and wishful thinking to produce inaction. There is no more urgent and pressing need today than the need for a widespread understanding of the dangers of inflation, of the factors that are responsible for this danger, and of the factors that must be taken into account in developing a program to avoid inflation.

"During the past week the Congress and the President have taken drastic action to control one phase of the inflation problem—**rising** wage rates and farm prices. If the new bill is to be fully successful, it must be supplemented by equally drastic action dealing with the growing disparity between incomes available for spending and the supply of goods and services available for purchase. This disparity can be reduced or eliminated by greatly increased taxation. In deciding what taxes to use for this purpose we must never lose sight of the fact that one of the major functions of taxation is to distribute an inevitable burden more equitably than inflation would distribute it. We must direct our energies to the construction of a tax system that is at once severe enough to prevent excess purchasing power from breaking price ceilings and sensitive enough to allow for individual needs and abilities. The construction of a tax system that in this sense combines adequacy with equity will be a major contribution to the successful prosecution of the war and to a satisfactory readjustment after the war."

Calls President's Demand For Congressional Action On Inflation Assault Upon Constitution

In an address in which he took occasion to refer to the recent ultimatum of President Roosevelt to Congress with respect to inflation legislation, Thomas I. Parkinson, President of the Equitable Life Insurance Co. stated on Oct. 1 that "it is unfortunate that the President felt called upon not only to demand action by Congress but to say both to the Congress and to the people that if that action were not taken, he would act nevertheless, though his action would be a violation of existing law."

"That," continued Mr. Parkinson, "is probably the most serious assault upon the Constitution under which this country lives that has been made since the Civil War, and I am not forgetting the attack on the Supreme Court of the United States in 1937." Mr. Parkinson's remarks were made at the Fall luncheon on Oct. 1 of the New York State Chamber of Commerce of which he was formerly President. Pointing out that "Congress is a representative body, representing 419 districts in 48 States," Mr. Parkinson said "such a body has all of the defects that go along with some of its advantages. Its greatest advantage is that it is representative of the people and as such, is the surest guarantee of personal liberty that humanity has ever developed."

In part Mr. Parkinson went on to say: "I have seen enough of Congress in action to know that in some measure, by and large in the long run, Congress approaches the ideal. But ever since the foundation of the Government, it has been recognized that Congress could not function, could not get the information, could not make intelligent decisions unless it had the help of the Executive and Administrative branches of the Government. They, out of their daily experience, have the best information, the best basis for recommendation.

* * *

"So the cooperation and the help which Congress needs from the executive and the administrative branches of the Government should not be grudgingly given, with a view to taking political advantage or competing with Congress for popular favor. True and real cooperation between the two branches of our Government is essential to its working satisfactorily, and their working together is essential to the preservation of the freedom which our constitutional form of government was intended to guarantee.

"For several years after the beginning of what is a continuing administration of the Federal Government, the Executive recommended to Congress too frequently the form of a completely drafted bill, much of it specific, but generally with a supplementary overall provision that was very general and inclusive, and Congress was asked to approve as written the measure so recommended.

"Then, partly because there was criticism of that method of procedure which was subordinating and weakening Congress, and partly because the growing complexity of the work involved in Congressional dealing with the expanded field of Federal action, the Executive recommendations took the form of general recommendations, leaving the initiative entirely to Congress to work out and formulate a legislative remedy. That put the burden on the Congressional machinery, and I think it would not be hard to document the suggestion that very often Congress was left to flounder as no executive of a private corporation ought to leave his board of directors to flounder in the effort to find a solution for a pending problem.

"And then later on, illustrated very recently by the price control recommendations now embodied in the Price Control Act, the Executive recommendations took the form of a request that Congress turn the whole matter over to the Executive. That, you will remember, Judge Cardoza in the AAA case, held was unconstitutional delegation of the power which the people had vested in the Congressmen themselves. That opinion, approved by every member of the then Supreme Court, only seven years ago, held that Congress in its enactments must at least sufficiently definitize its provisions so that the people and their judges could determine whether specific action purporting to be taken under the bill by the executive and administrative officers was indeed intended by the Congressional enactment.

"In the crisis which has developed, what the Executive is asking for, is the removal of a specific provision which limits the Executive discretion in dealing with the subject of price control.

"Now, I grant you that in the complexity of the great population and the great activities of this country, it is not possible to make all provisions of a Congressional enactment definite; nevertheless, I suggest that if it is possible shortly after a general act of Congress is passed for executive officers to issue definite regulations, it seems as if it might be possible, if the effort were made, to submit those same definite provisions ultimately inserted in the regulations in time to be inserted by Congress, the representatives of the people, in their enactment.

"Does it, as a matter of experience, follow that the executive and administrative officers do so much better a job in working out definite rules of conduct than the Congress itself is able to develop?

* * *

"I believe in regulation; regulation in the interest of the public welfare, in our complex civilization, is essential. We all believe in regulation of some sort. Our trouble is with too much regulation, which may be as bad as none at all. The regulation that takes away initiative, destroys responsibility, and then does not carry through to replace individual initiative and responsibility by really telling you what to do.

* * *

"Fortunately or unfortunately for me, all of what I have been saying in general seems to be illustrated in particular by the inflation situation which confronts us. Inflation is a state of mind. It is the result of a fear that that which passes current as money will not have in the future the value that it now possesses. Money, whatever it is, has at least two different uses. It passes as a medium of current exchange, and it is the storehouse of savings, it is the measure of value in the future of the excesses, economic excesses, of the moment. As such, it must be sound and the people must have confidence in its remaining sound. The consequences of their loss of confidence you all know is a flight from the currency to something more enduring and for the moment holding the confidence of the people, as to its future value.

"You know that some years ago it was gold to which all those who were frightened or fearful of the future of money fled. Gold is now prohibited to the individual, but other goods are not, and, therefore, I think it fair to say that when the gold legislation, making currency no longer convertible into gold and forbidding the individual to possess gold, was enacted, we laid the foundation for price control, because there rested the basis of popular seeking after other things whenever they should become fearful of the future value of current money. And I don't need to tell this body that the consequences of inflation to all are terrible to contemplate. I am sure that I am right when I say that nobody wants inflation. The problem is now to avoid it.

* * *

"Now, this problem of inflation is not a single one. There are many sides to it. In the first place, we have a decreased supply of goods. Everybody is familiar with that. We have an increased supply of income throughout the country. Everybody is familiar with that. If that increased supply of money in the hands or available to the population goes chasing around seeking the limited supply of goods, there is an inescapable rise in prices.

"Now, the very first and most practical way to prevent that happening is to siphon off through taxation that excess income. Have we had from the executive departments definite, practical recommendations to Congress as to how that could be effectively done? I don't care what the nature of the tax, the simple point is that everybody knows where that excess income lies today, and nobody has the political courage to go and get it.

"Presenting the query as to what the American people want, Mr. Parkinson said:

"Do they want to give up even in a period of emergency—perhaps I should say especially in a period of emergency the control through their representatives of the policies which shall underlie executive action in this great country? Nobody sympathizes more than I, or appreciates more than I, the tremendous problems that lie upon the desks and the shoulders of the executive officers, and particularly the man who at the moment carries the great responsibility here and abroad, of the Presidency of the United States, but I submit that there is not in this situation any justification for departing from constitutional procedure and securing the consent of the representatives of the people for important executive action.

"I submit one of the things that can develop that fear quicker than anything else is a tremendous increase in the amount of money. The more dollars you have, the less they are going to be valued in the estimation of the average man, and money today with us is currency and bank deposits.

"Bank deposits were about 67 billion dollars at the beginning of this year. They have risen to approximately 75 billion now. And the greatest factor causing that rise is the Treasury's sale of Government bonds to commercial banks. Every time the commercial banks take a billion dollars of Government bonds, short- or long-term, they turn over that much to the Treasury's account with the Federal Reserve Bank, and when the Treasury spends it, it comes back into the banking system, causing approximately that much of an increase in the then bank deposits. And when the Treasury is obliged to sell four or five billion dollars of its paper per month, then that process is going to increase very rapidly the total amount of bank deposits and money available to the people of this country.

"I am not blaming the Treasury, because here the Congress, representing the people, made the appropriations and the Treasury has to find the means of meeting the expenditures required under those appropriations. But I am suggesting that since the control of this phase of inflation begins with the amount of taxes that are taken from the people who have the excess income and goes on to the amount of bonds that can be sold to the people and their savings institutions and ends up with the necessity of selling to the commercial banks what cannot be provided for through taxation and through sale to the people and their savings institutions, in view of that I ask the question whether we have done all that can be done in taxation and in the sale of bonds to the people and their savings institutions.

"My own opinion is that we have not yet done all that can be done and therefore we are selling too many bonds to the commercial banks, with the result that I have just pictured of a great increase in that which is used for money in this country. I am more afraid of inflation, dangerous inflation, resulting from an excess of money developing a fear, resulting in a flight into goods, than I am of an increase in prices developing a decrease in the value of the dollar, resulting from a similar flight."

It may be noted here that the recent anti-inflation legislation was passed by Congress on Oct. 2 and signed the same day by the President. The measure, which appeared in these columns Oct. 8, page 1267, gives the President broad powers over prices, wages and salaries; details of the final Congressional action, and the compromise legislation agreed to, were noted on page 1268, and the text of the President's Executive Order establishing an office of Economic Stabilization appeared on page 1265.

Treasury Markets $4 Billion Bonds, Notes

The subscription books for the $4,000,000,000 offering of 2% Treasury Bonds of 1950-52 and of 1½% Treasury Notes of Series B-1946 were closed at the close of business on Oct. 9. The offering was announced by Secretary Morgenthau on Oct. 8. The aggregate amount of both issues will be $4,000,000,000, or thereabouts, and the proportionate amount of bonds and notes to be issued will be determined by the relation between the total subscriptions received for each and the total subscriptions received for both. In order to insure widespread participation of banks, corporations and others who may be interested, and for the convenience of investors, the subscription books for each issue remained open two days (Oct 8-9) and there were no restrictions as to the basis for subscribing for either the bonds or the notes.

The Treasury's announcement had the following to say concerning the offering:

"The Treasury Bonds of 1950-52, now offered for subscription, will be dated Oct. 19, 1942, and will bear interest from that date at the rate of 2% per annum payable semi-annually with the first coupon due March 15, 1943, for a fractional period. The bonds will mature March 15, 1952, but may be redeemed, at the option of the United States, on and after March 15, 1950. The bonds will be issued in two forms: bearer bonds with interest coupons attached, and bonds registered both as to principal and interest. Both forms will be issued in denominations of $100, $500, $1,000, $5,000, $10,000 and $100,000.

"The notes now offered will be an addition to and will form a part of the series of 1½% Treasury Notes of Series B-1946, issued pursuant to Department Circular No. 686, dated May 25, 1942. They are identical in all respects with such notes with which they will be freely interchangeable. The notes are dated June 5, 1942, and bear interest from that date at the rate of 1½% per annum, payable on a semi-annual basis on Dec. 15, 1942 and thereafter on June 15 and Dec. 15 in each year until they mature on Dec. 15, 1946. They will not be subject to call for redemption prior to maturity. They will be issued only in bearer form with interest coupons attached, in denominations of $100, $500, $1,000, $5,000, $10,000 and $100,000.

Pursuant to the provisions of the Public Debt Act of 1941, interest upon the bonds and notes now offered shall not have any exemptions, as such, under Federal Tax Acts now or hereafter enacted.

"Subscriptions will be received at the Federal Reserve Banks and Branches, and at the Treasury Department, Washington. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies. Subscriptions from banks and trust companies for their own account will be received without deposit, but subscriptions from all others must be accompanied by payment of 5% of the amount of bonds or notes applied for.

"Subject to the usual reservations, and within the amounts of the respective offerings, subscriptions for each issue for amounts not exceeding $25,000 from banks which accept demand deposits, and subscriptions in any amount from all other subscribers, will be allotted in full; subscriptions for amounts over $25,000 from banks which accept demand deposits will be allotted on an equal percentage basis, to be publicly announced. Payment for any bonds allotted must be made or completed on or before Oct. 19, 1942, or on later allotment. Payment for any notes allotted must be made or completed on or before Oct. 15, 1942, or on later allotment, and must include accrued interest from June 5, 1942. (The amount of accrued interest from June 5 to Oct. 15, 1942 is about $5.41 per $1,000.)"

Free Enterprise For Industry, Hill Urges

In calling upon American industry to see that freedom of enterprise is included among post war goals, J. B. Hill, of Louisville, Ky., President of the Louisville & Nashville RR., declared that men in industry have been "poor salesmen" for the profit or private enterprise system, adding: "We have let malcontents falsify and abuse it."

Mr. Hill's comments were made at Atlanta on Oct. 8 in an address to the American Short Line Railroad Association. Mr. Hill pointed to the omission of the need of freedom of enterprise from the four objectives cited by President Roosevelt—freedom of speech and worship and freedom from fear and want and, according to the Associated Press said:

"Capital is the great creator of our industrial age; it is the power behind the unparalleled progress of our nation during the last century and a half. . . .

"If the creation and distribution of wealth prior to the New Deal was sound in principle and needs only improvement without radical change, that fact must be made clear to the masses."

Of railroads, Mr. Hill asserted their necessity had been proved by the war and would continue in peace, but, warning of a growing post-war competition, declared:

"Not only must we aspire to and deserve a higher place in public opinion, but with labor leaders and our employees we must try to prove a mutuality of interest that will sustain us as a private enterprise against government ownership and control and in competition with strong and rapidly growing adversaries."

Urges Returning To 1932 Living Plane

Price Administrator Leon Henderson told a meeting of retailers in Washington on Sept. 29 that the demands of total war are likely to bring down civilian goods production to the 1932-33 levels and called for the elimination or curtailment of certain non-essential retail services.

The retailers met with OPA officials to help develop a program to reduce deliveries and eliminate "frills" from their services (mentioned in our issue of Oct. 1, page 1171).

One of the purposes of the retailers' discussion, Mr. Henderson said, is to effect savings that will release "energy resources for the successful prosecution of the war."

He further stated:

"I can't understand increases in prices because of strategic positions in the economy, and I can only explain them not in terms of greed or selfishness but the failure to understand just how serious the way is ahead.

"I can't conceive, for example, of a high price level in a high production program. Still less can I conceive of enormous and constant changes in prices consistent with a high production level.

"I can't understand any group or any part in the distributive or producing process that doesn't now think of how it is going to adjust itself to the conditions ahead.

"It has been only within the last few months that people have realized what we were saying earlier—that the demands of a total war are going to test our capacity here and that we are likely in total volume to go down to the total production of civilian goods on a per capita basis of, say, 1932 and 1933."

Effect On President's Pay Of Salary Limit

With respect to the possible effect on President Roosevelt's $75,000-a-year salary of the Executive Order providing for the stabilization of wages, salaries, profits, and farm prices, issued under the Cost of Living Stabilization Bill which became a law on Oct. 2, it was stated in special advices from Washington Oct. 4 to the New York "Times" that although the White House has indicated that President Roosevelt will limit his salary to a net of $25,000 a year after payment of taxes, insurance and fixed obligations, it was the consensus of legal opinion in Washington that such action would be voluntary and not absolutely required under his Executive Order of yesterday stabilizing the cost of living. The "Times" advices went on to say:

"The President's order authorizes the Economic Stabilization Director 'to take the necessary action and to issue appropriate regulations' so that, in so far as practicable, no salary shall be authorized to the extent that it exceeds $25,000 a year after payment of taxes, insurance and fixed obligations.

"However, the order's provisions for the enforcement of this objective do not take into account the President's salary, as they direct that government agencies may disregard any wage or salary agreement made in contravention of the order or the new Price Control Act in the determining of costs or expenses of any employer in making his tax deductions or cost calculations on government contracts, or in determining costs or expenses of any employer for the purpose of any law or regulation.

"This means, legal experts said, that there would be no means of enforcing contravention of the order by the President's employer, the Federal Government, inasmuch as the Government does not pay taxes or hold government contracts and obviously could not be penalized for paying Mr. Roosevelt more than a net of $25,000."

In noting under date of Oct. 3 that tax experts pointed out that the President's policy on the $25,000 salary limit applied to net income remaining after payment of taxes, insurance premiums and fixed obligations, United Press accounts from Washington on that date added in part:

"They also pointed out that the limitation did not apply to income from investments or capital gains: it applied only to salary, bonuses, commissions, fees and other forms of compensation for personal services.

"These experts said that the President, or any one else, could receive a salary of about $50,000, or more in many cases, before any question would arise about application of the new directive. It would take such a salary, they said, to provide a $25,000 net income after payment of taxes and other deducible items.

"In its legal effect the directive was a deterrent against payment of high compensation, rather than a flat rule against such payments. If a corporation desired to pay an officer or employee a salary or bonus that would yield a net of more than $25,000, the corporation would not run afoul of the law by doing so.

"But it would have to pay stiff Federal corporation income and excess-profits taxes on the excess and would be banned from charging the excess against the government if it held any war contracts.

"Some officials doubted that many corporations would reduce the compensation of their high-salaried executives, but felt that in most cases corporations would continue to pay the same rate and then tap their general funds for the extra taxes.

"Experts explained that, in any event, an individual would have to earn at least $50,000, and in many cases much more, to be affected by the directive."

The President called for a top limit of $25,000 on an individual's net income after taxes in his Labor Day message (referred to in these columns Sept. 10, page 889).

Endorse Freezing Of Social Security Tax

Adoption of Senator Vandenberg's proposal to freeze social security pay roll taxes on both employers and employees at the present 1% level through 1943, was advocated by the Commerce and Industry Association in a letter sent on Oct. 8 to the New York delegation in Congress, members of the Senate Finance Committee and the House Ways and Means Committee. The Association points out that unless the Vandenberg proposal is accepted the Social Security tax rate will automatically be increased to 2% for employer and employee on Jan. 1, 1943. Thomas Jefferson Miley, Secretary of the Association in his letter said:

"It has been stated and not denied that the Social Security Reserve Fund exceeds $3,000,000,000, or more than six times the benefits payable during the next five years under the present provisions of the Act. Considering this fact, we are in accord with Senator Vandenberg's statement that the proposed increase in social security payments is 'totally unnecessary.'

"In view of the extremely high rates proposed in the new Federal tax bill, it would be highly inadvisable for Congress to impose higher rates for social security taxes than those now prevailing when these taxes are not needed for the purpose for which they are imposed. The increase in the tax would be a hardship upon both wage earners and industry."

Hershey Says Farm Labor May Have To Be Frozen

As a possible means of alleviating the growing shortage of farm-labor, Major-Gen. Lewis B. Hershey, Selective Service Director, suggested on Sept. 28 that it might be necessary to freeze essential workers to the farms under a "work or fight" order. Gen. Hershey said he would be willing to direct the exemption of essential farm workers from military service if the Agriculture Department would decide what agriculture production is essential.

Regarding Gen. Hershey's testimony, Associated Press Washington advices said:

"The suggestion of freezing farm workers to their jobs, if what they produce is essential, came after House committee members, studying the general farm labor emergency, complained that labor was leaving farms for industrial areas, where wages are higher. One member said that conditions in the dairy industry were becoming critical, because workers were being drafted or lured away by higher industrial wages.

"Gen. Hershey told the Representatives that 'nobody would assume all agriculture is essential.' Several committee members, however, said that it would be a long and detailed job to decide what part of agricultural production is essential and what portion is non-essential and that this would not answer the demand for immediate action so that farmers might plan their 1943 crops.

"The Selective Service director warned that both industry and agriculture were going to suffer the losses of more men to the armed services and that notwithstanding this food and industrial production must be kept at a high level. Analyzing the problem, however, he said that 'we're trying to measure a world that is changing with a yardstick that is changing.'"

War Industry Strikes Increased In August

Man-days lost from war production by strikes in August were 9-100 of 1% of total man-days worked, the National War Labor Board announced on Sept. 25. The announcement also had the following to say:

The number of man-days lost rose from 233,614 in July to 266,353 in August. At the same time, the number of man-days worked fell from approximately 308 million in July to 300 million in August, because of fewer work days and more Sundays in the calendar month of August. While the number of strikes in progress during the month rose from 222 to 229, the number of men involved dropped from 80,722 to 79,414.

The strike statistics were gathered by an interdepartmental committee on war strike statistics consisting of representatives of the War, Navy and Labor Departments, the War Production Board, the Maritime Commission, and the War Labor Board. The term "strike" is used to include all stoppages of work due to labor disputes whether strikes or lockouts.

The following table gives a detailed picture of the strike situation as it affected war production during August, compared with July of this year:

	August, 1942	July, 1942
Man-days lost	266,353	233,614
Man-days worked (estimated)	300,000,000	308,000,000
Percentage—Time lost to time worked	9/100 of 1%	8/100 of 1%
Number of strikes		
In progress in month	229	222
Begin. in month	195	198
Number of men involved		
Strikes in progress	79,414	80,722
Strikes begin.	70,352	74,812

OPA Limits Meat Deliveries For Civilian Use

In a preliminary step to the meat rationing program, the Office of Price Administration on Oct. 1 issued an order limiting the amount of meat that packers may sell to civilian markets during the last quarter of 1942 to about 80% of last year's total for the same period.

The order issued under instructions form the Fods Requirements Committee, headed by Secretary of Agriculture Wickard, assigns quotas to all packers, specifying the amount of beef, veal, pork, mutton, and lamb which may go into civilian consumption.

The action was taken to assure adequate meat supplies for the armed forces and lend-lease requirements.

Coupon rationing of meat, to assure fair distribution among individuals is expected to go into effect in about three months. Under present plans, it will give civilians 2½ pounds per person per week.

Under the limitation order, packers who slaughter more than 500,000 pounds during a quarter must restrict civilian deliveries for the next three months to the following percentages of their last quarter of 1941 shipments: Beef, 80%; pork, 75%; lamb and mutton, 95%, and veal, 100%. The smaller slaughterers are limited only to the amounts of their 1941 deliveries.

The Food Requirements Committee had also recommended a cut in veal deliveries to 80%, but this was not restricted because of revised requirements by the armed forces.

Secretary Wickard has estimated the total meat supply for the next 12 months at 24,000,000,000 pounds of which the armed forces and allies would get 6,500,000,000 pounds (referred to in these columns Oct. 1, page 1192).

Although the OPA order does not specify how quotas will be distributed among various regions, officials expressed hope that the packing industry itself will bring about "as equitable distribution as possible." Price Administrator Henderson is quoted as saying:

"I have called upon the meat packers to see that our available meat supplies flow steadily and evenly into all parts of the country, and I have full confidence that the entire industry will give full cooperation to assure such fair distribution."

At the same time, Mr. Henderson asked consumers to comply with the government's "share-the-meat" program for voluntarily holding consumption to 2½ pounds of meat per person per week.

Gas Utility Sales Gain In July

Manufactured and natural gas utility sales for July registered sharp increases over the same month of 1941, it was announced on Oct. 5 by the American Gas Association, which further stated:

Manufactured gas sales during July totalled 30,382,800,000 cubic feet, an increase of 9.1% over the same month a year ago. Industrial sales registered a gain of 17.4%. Sales for residential purposes rose 7.3% while sales for commercial uses increased 2.4%.

Total sales of natural gas during July 1942, amounted to 119,939,500,000 cubic feet, an increase of 8.9% over last year. Sales for residential purposes increased 10.5%, while commercial sales increased 20.0%. Gas sold for industrial purposes, including amounts used in generating electric power in public utility steam plants throughout the country, were 7.5% more than for July, 1941.

Total customers served by the manufactured and natural gas utilities numbered 18,849,600 on July 31, 1942.

ODT Creates Four Addtl. Regional Offices

Creation of four additional regional offices of the Division of Local Transport was announced Oct. 2 by Joseph B. Eastman, Director of the Office of Defense Transporation.

The new field headquarters will be established at Washington, D. C., Atlanta, Ga., Chicago, Ill., and Dallas, Tex. A regional office has been functioning at San Francisco for more than four months.

The regional offices, covering the entire United States, will work with transit operators and regulatory authorities in their territories in carrying out ODT conservation orders and policies affecting all passenger traffic except railroads. Street cars, city buses, inter-city buses, elevated and subway cars, taxis and school buses all will come under the jurisdiction of the Division of Local Transport field set-up.

The five regions, each to be in charge of an Assistant Director of the Division of Local Transport, are comprised as follows:

Region 1, Headquarters, Washington, D. C.—Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, Virginia, New York, Pennsylvania, New Jersey, Delaware, Maryland, District of Columbia, West Virginia. This office will be headed by T. H. Nicholl, former vice president of the Cleveland Railway, who will act in a supervisory capacity over all the regional headquarters.

Region 2, Headquarters, Atlanta, Ga.—North Carolina, South Carolina, Georgia, Florida, Tennessee, Alabama, Mississippi. This office will be in charge of Guy C. Kelsey, transport and traffic engineer of Westfield, N. J.

Region 3, Headquarters, Chicago, Ill.—Ohio, Michigan, Indiana, Illinois, Kentucky, Wisconsin, Minnesota, Iowa, Missouri, North Dakota, South Dakota, Kansas, Nebraska, Wyoming, Colorado. In charge will be H. B. Potter, former vice president and general manager of the Baltimore Transit Co.

Region 4, Headquarters, Dallas, Tex. — Texas, Oklahoma, New Mexico, Arkansas, Louisiana. This region will be headed by E. P. McCallum, Jr. of Memphis, Tenn., a transportation consultant.

Region 5, Headquarters, San Francisco, Cal.—California, Oregon, Washington, Idaho, Montana, Nevada, Utah, Arizona. Established in May, this office is under the supervision of R. O. Crowe, former executive vice president in charge of operations of the Los Angeles Railway Corp.

Dominican Republic Tightens Restrictions

Advices made available Oct 6 by the Department of Commerce at Washington said:

"Only those institutions which are properly licensed to perform banking functions in the Dominican Republic may issue bank drafts or orders of payment on any foreign country under a recent decree, according to the Department of Commerce. These institutions must apply to the Secretary of State for Treasury and Commerce for licenses.

"The decree terminated an informal foreign exchange system formerly used by merchants. Many merchants regard the new control as a revenue measure only and show resentment toward both the government and the banks. The new restrictions will help prevent the transfer of funds to undesirable persons or firms outside the country.

"Stricter regulations are soon to be placed upon the movements of United States currency from the Domican Republic. Heretofore a traveler could take out $250 in United States currency. It is understood the amount will be reduced to $150."

President Warns Manpower Legislation May Be Needed — Calls For Lowering Draft Age To 18

(Continued from first page)

000 free men and women and children is becoming one great fighting force. Some of us are soldiers or sailors, some of us are civilians. Some of us are fighting the war in airplanes five miles above the continent of Europe or the islands of the Pacific—and some of us are fighting it in mines deep down in the earth of Pennsylvania or Montana. A few of us are decorated with medals for heroic achivement, but all of us can have that deep and permanent inner satisfaction that comes from doing the best we know how—each of us playing an honorable part in the great struggle to save our democratic civilization.

"Whatever our individual circumstances or opportunities—we are all in it, and our spirit is good, and we Americans and our allies are going to win—and do not let any one tell you anything different.

"That is the main thing that I saw on my trip around the country—unbeatable spirit. If the leaders of Germany and Japan could have come along with me, and had seen what I saw, they would agree with my conclusions. Unfortunately, they were unable to make the trip with me. That is one reason why we are carrying our war effort overseas—to them.

"With every passing week the war increases in scope and intensity. That is true in Europe, in Africa, in Asia and on all the seas.

"The strength of the United Nations is on the up grade in this war. The Axis leaders, on the other hand, know by now that they have already reached their full strength, and that their steadily mounting losses in men and material cannot be fully replaced. Germany and Japan are already realizing what the inevitable result will be when the total strength of the United Nations hits them — at additional places on the earth's surface.

"One of the principal weapons of our enemies in the past has been their use of what is called 'the war of nerves.' They have spread falsehood and terror; they have started Fifth Columns everywhere; they have duped the innocent; they have fomented suspicion and hate between neighbors; they have aided and abetted those people in other nations—even our own—whose words and deeds are advertised from Berlin and Tokio as proof of disunity.

"The greatest defense against all such propaganda is the common sense of the common people—and that defense is prevailing.

"The 'war of nerves' against the United Nations is now turning into a boomerang. For the first time, the Nazi propaganda machine is on the defensive. They begin to apologize to their own people for the repulse of their vast forces at Stalingrad, and for the enormous casualties they are suffering. They are compelled to beg their overworked people to rally their weakened production. They even publicly admit, for the first time, that Germany can be fed only at the cost of stealing food from the rest of Europe.

"They are proclaiming that a second front is impossible, but at the same time they are desperately rushing troops in all directions, and stringing barbed wire all the way from the coasts of Finland and Norway to the islands of the eastern Mediterranean.

"Meanwhile, they are driven to increase the fury of their atrocities.

"The United Naitons have decided to establish the identity of those Nazi leaders who are responsible for the innumerable acts of savagery. As each of these criminal deeds is committed it is being carefully investigated, and the evidence is being relentlessly piled up for the future purposes of justice.

"We have made it entirely clear that the United Nations seek no mass reprisals against the populations of Germany or Italy or Japan, but the ringleaders and their brutal henchmen must be named, and apprehended, and tried in accordance with the judicial processes of criminal law.

"There are now millions of Americans in army camps, in naval stations, in factories and in shipyards.

"Who are these millions upon whom the life of our country depends? What are they thinking? What are their doubts and what are their hopes? And how is the work progressing?

"The Commander in Chief cannot learn all of the answers to these questions in Washington. That is why I made the trip I did.

"It is very easy to say, as some have said, that when the President travels through the country he should go with a blare of trumpets, with crowds on the sidewalks, with batteries of reporters and photographers—talking and posing with all the politicians of the land.

"But having had some experience in this war and in the last war, I can tell you very simply that the kind of trip I took permitted me to concentrate on the work I had to do without expending time, meeting all the demands of publicity. And—I might add—it was a particular pleasure to make a tour of the country without having to give a single thought to politics.

"I expect to make other trips for similar purposes, and I shall make them in the same way.

"In the last war I had seen great factories; but until I saw some of the new present-day plants I had not thoroughly visualized our American war effort. Of course, I saw only a small porion of all our plants, but that portion was a good cross-section, and it was deeply impressive.

"The United States has been at war for only ten months, and is engaged in the enormous task of multiplying its armed forces many times. We are by no means at full production level yet. But I could not help asking myself on the trip, where would we be today if the government of the United States had not begun to build many of its factories for this huge increase more than two years ago—more than a year before war was forced upon us at Pearl Harbor.

"We have also had to face the problem of shipping. Ships in every part of the world continue to be sunk by enemy action. But the total tonnage of ships coming out of American, Canadian and British shipyards, day by day, has increased so fast that we are getting ahead of our enemies in the bitter battle of transportation.

"In expanding our shipping we have had to enlist many thousands of men for our merchant marine. These men are serving magnificently. They are risking their lives every hour so that guns and tanks and planes and ammunition and food may be carried to the heroic defenders of Stalingrad and to all the United Nations' forces all over the world.

"A few days ago I awarded the first maritime distinguished service medal to a young man—Edward F. Cheney, of Yeadon, Pa.—who had shown great gallantry in rescuing his comrades from the oily waters of the sea after their ship had been torpedoed. There will be many more such acts of bravery.

"In one sense my recent trip was a hurried one, out through the Middle West, to the Northwest, down the length of the Pacific Coast and back through the Southwest and the South. In another sense, however, it was a leisurely trip, because I had the opportunity to talk to the people who are actually doing the work—management and labor alike—on their own home grounds. It gave me a fine chance to do some thinking about the major problems of our war effort on the basis of first things first.

"As I told the three press association representatives who accompanied me, I was impressed by the large proportion of women employed — doing skilled manual work running machines. As time goes on and many more of our men enter the armed forces, this proportion will increase. Within less than a year from now, there will probably be as many women as men working in our war production plants.

"I had some enlightening experiences relating to the old saying of us men that curiosity—inquisitiveness—is, stronger among women. I noticed that, frequently, when we drove unannounced down the middle of a great plant full of workers and machines, the first people to look up from their work were the men—and not the women. It was chiefly the men who were arguing as to whether that fellow in the straw hat was really the President or not.

"Having seen the quality of the work and of the workers on our production lines — and coupling these firsthand observations with the reports of actual performance of our weapons on the fighting fronts—I can say to you that we are getting ahead of our enemies in the battle of production.

"Of great importance to our future production was the effective and rapid manner in which the Congress met the serious problem of the rising cost of living. It was a splendid example of the operation of democratic processes in war time.

"The machinery to carry out this act of the Congress was put into effect within twelve hours after the bill was signed. The legislation will help the cost-of-living problems of every worker in every factory and on every farm in the land.

"In order to keep stepping up our production we have had to add millions of workers to the total labor force of the nation. And as new factories come into operation we must find additional millions of workers.

"This presents a formidable problem in the mobilization of manpower.

"It is not that we do not have enough people in this country to do the job. The problem is to have the right numbers of the right people in the right places at the right time.

"We are learning to ration materials; and we must now learn to ration man power.

"The major objectives of a sound man-power policy are:

"First, to select and train men of the highest fighting efficiency needed for our armed forces in the achivement of victory over our enemies in combat.

"Second, to man our war industries and farms with the workers needed to produce the arms and munitions and food required by ourselves and our fighting Allies to win this war.

"In order to do this we shall be compelled to stop workers from moving from one war job to another as a matter of personal preference; to stop employers from stealing labor from each other; to use older men, and handicapped people, and more women, and even grown boys and girls, wherever possible and reasonable, to replace men of military age and fitness; to train new personnel for essential war work; and to stop the wastage of labor in all non-esential activities.

"There are many other things that we can do, and do immediately, to help meet the man-power problem.

"The school authorities in all the states should work out plans to enable our high school students to take some time from their school year, and to use their summer vacations to help farmers raise and harvest their crops, or to work in the war industries. This does not mean closing schools and stopping education. It does mean giving older students a better opportunity to contribute to the war effort. Such work will do no harm to the students.

"People should do their work as near their homes as possible. We cannot afford to transport a single worker into an area where there is already a worker available to do the job.

"In some communities employers dislike to employ women. In others they are reluctant to hire Negroes. In still others older men are not wanted. We can no longer afford to indulge such prejudices or practices.

"Every citizen wants to know what essential war work he can do the best. He can get the answer by applying to the nearest United States Employment Service office. There are 4,500 of these offices throughout the nation. They are the corner grocery stores of our man-power system. This network of employment offices is prepared to advise every citizen where his skills and labors are needed most, and to refer him to an employer who can utilize them to best advantage in the war effort.

"Perhaps the most difficult phase of the man-power problem is the scarcity of farm labor. I have seen many evidences of the fact, however, that the people are trying to meet it as well as possible.

"In one community that I visited a perishable crop was harvested by turning out the whole of the high school for three or four days.

"In another community of fruit growers the usual Japanese labor was not available; but when the fruit ripened, the banker, the butcher, the lawyer, the garage man, the druggist, the local editor, and in fact every able-bodied man and woman in the town, left their occupations and went out, gathered the fruit, and sent it to market.

"Every farmer in the land must realize fully that his production is part of war production, and that he is regarded by the nation as essential to victory. The American people expect him to keep his production up, and even to increase it. We will use every effort to help him to get labor; but, at the same time, he and the people of his community must use ingenuity and co-operative effort to produce crops, and livestock and dairy products.

"It may be that all of our volunteer effort—however well intentioned and well administered—will not suffice to solve the problem. In that case, we shall have to adopt new legislation. If this is necessary, I do not believe that the American people will shrink from it.

"In a sense, every American, because of the privilege of his citizenship, is a part of the selective service.

"The nation owes a debt of gratitude to the selective service boards. The successful operation of the selective service system and the way it has been accepted by the great mass of our citizens give us confidence that if necessary, the same principle could be used to solve any man-power problem.

"And I want also to say a word of praise and thanks for the more than 10,000,000 people, all over the country, who have volunteered for the work of civilian defense—and who are working hard at it. They are displaying unselfish devotion in the patient performance of their often tiresome and always anonymous tasks. In doing this important neighborly work they are helping to fortify our national unity and our real understanding of the fact that we are all involved in this war.

"Naturally, on my trip I was most interested in watching the training of our fighting forces.

"All of our combat units that go overseas must consist of young, strong men who have had thorough training. A division that has an average age of 23 or 24 is a better fighting unit than one which has an average age of 33 or 34. The more of such troops we have in the field, the sooner the war will be won, and the smaller will be the cost in casualties.

"Therefore, I believe that it will be necesary to lower the present minimum age limit for selective service from 20 years down to 18. We have learned how inevitable that is—and how important to the speeding up of victory.

"I can very thoroughly understand the feeling of all parents whose sons have entered our armed forces. I have an appreciation of that feeling—and so has my wife.

"I want every father and every mother who has a son in the service to know—again, from what I have seen with my own eyes—that the men in the Army, Navy and Marine Corps are receiving today the best possible training, equipment and medical care. And we will never fail to provide for the spiritual needs of our officers and men under the chaplains of our armed services.

"Good training will save many, many lives in battle. The highest rate of casualties is always suffered by units composed of inadequately trained men.

"We can be sure that the combat units of our Army and Navy are well manned, and well equipped, and well trained. Their effectiveness in action will depend upon the quality of their leadership, and upon the wisdom of the strategic plans on which all military operations are based.

"I can say one thing about our plans: They are not being decided by the typewriter strategists who expound their views in the press or on the radio.

"One of the greatest of American soldiers, Robert E. Lee, once remarked on the tragic fact that in the war of his day all the best generals were apparently working on newspapers instead of in the Army. That seems to be true in all wars.

"The trouble with the typewriter strategists is that, while they may be full of bright ideas, they are not in possession of much information about the facts or problems of military operations.

"We, therefore, will continue to leave the plans for this war to the military leaders.

"The military and Naval plans of the United States are made by the joint staff of the Army and Navy which is constantly in session in Washington. The chiefs of this staff are Admiral Leahy, General Marshall, Admiral King and General Arnold. They meet and confer regularly with representatives of the British joint staff and with representatives of Russia, China, the Netherlands, Poland, Norway, the British dominions and other nations working in the common cause.

"Since this unity of operations was put into effect last January, there has been a very substantial agreement between these planners, all of whom are trained in the profesion of arms—air, sea and land—from their early years. As Commander in Chief I have at all times also been in substantial agreement.

"As I have said before, many major decisions of strategy have been made. One of them — on which we have all agreed—relates to the necessity of diverting enemy forces from Russia and China to other theaters of war by new offensives against Germany and Japan. An announcement of how these offensives are to be launched, and when, and where, cannot be broadcast over the radio at this time.

"We celebrate today the exploit of a bold and adventurous Italian, Christopher Columbus, who with the aid of Spain opened up a new world where freedom and tolerance and respect for human rights and dignity provided an asylum for the oppressed of the Old World.

"Today, the sons of the New World are fighting in lands far distant from their own America. They are fighting to save for all mankind including ourselves the principles which have flourished in this new world of freedom.

"We are mindful of the countless millions of people whose future liberty and whose very lives depend upon permanent victory for the United Nations.

"There are a few people in this country who, when the collapse of the Axis begins, will tell our people that we are safe once more; that we can tell the rest of the world to 'stew in its own juice'; that never again will we help to pull 'the other fellow's chestnuts from the fire'; that the future of civilization can jolly well take care of itself in so far as we are concerned.

"But it is useless to win battles if the cause for which we fought these battles is lost. It is useless to win a war unless it stays won.

"We, therefore, fight for the restoration and perpetuation of faith and hope throughout the world.

"The objective of today is clear and realistic. It is to destroy completely the military power of Germany, Italy and Japan to such good purpose that their threat against us and all the other United Nations cannot be revived a generation hence.

"We are united in seeking the kind of victory that will guarantee that our grandchildren can grow and, under God, may live their lives, free from the constant threat of invasion, destruction, slavery and violent death."

From Washington

(Continued from First Page)

that go with such a year—such as thousands sleeping in the parks, the rods of our trains loaded with transients, farms being sold at auction.

They are being sold all over the country even now, some of them at forced sales. Farm equipment, farm stock is going the same way. The manpower shortage is responsible.

Our draft director has been going all over the country insisting we must have 10,000,000 men in the armed forces next year. We are told there must be five men at home working to support each one of them; that's 60,000,000 men. We have even been told that as many as 18 men are required to support each soldier; that's 190,000,000.

Suddenly, Donald Nelson observes that we won't be able to equip 10,000,000 men next year if we are to continue to supply our allies. But he has a solution for the labor shortage on the farms: Let the women and children do the work. Presumably, it is intended to put the farm women and youngsters on a 24-hour shift.

Just what we are supplying our Allies, how much we are withholding from our own forces, only Mr. Roosevelt and Harry Hopkins know. One hears and reads in Washington that after our boys got to the Solomon Islands they couldn't go any further because our commitments to the Allies prevented our supplying them for further operations. In the meantime, they are kept so busy defending the islands, that they can't be serving very much as a base from which to keep our convoy routes open. They seem to be very busy defending themselves.

Who passes on the commitments to the Allies? Harry Hopkins, son of an Iowa blacksmith, for whom the war has meant such a wonderful time. Undoubtedly one of the war's brightest spots will be his dining with Stalin.

In the meantime, we hear gleeful reports around Washington which get into the gossip columns, that in the very near future, none of us will be doing what we've been doing in the past. Lawyers will be blacksmiths, and as we take it, blacksmiths will be lawyers. It's not a New Deal we are being promised now, but an entire new civilization.

There is this thought in connection with the President's placing a ceiling on salaries of $25,000 a year after taxes and other obligations such as insurance. This is the only group of the citizenry whose income was reduced. The President got a great kick out of this. In the first place, it was a piece of demagoguery, but more to his liking he punished those high-bracketed gentlemen who had been hammering him to do something about inflation. Everybody seems to have forgotten about Marriner Eccles' recommendations the first of the year, that some of the President's emergency monetary powers which he called inflationary threats, be repealed. He and Henry Morgenthau still despise one another. Harold Ickes is carrying on a campaign through his friendly gossip columnists against Donald Nelson.

Donald has become completely lost. I am pretty sure that I insisted long ago that the job was completely over his head. It is becoming pretty evident all around. It is difficult to see how one agency could have gotten our flow of raw materials into such a straitjacket as his agency has.

Before Jeffers can get his rubber organization setup—it is expected to have a personnel at the outset of some 10,000—holes are being shot through the widely publicized Baruch report. All and all, it doesn't seem to be much of an answer to the question. Reading it all the way through—much of it has never been widely publicized—you can't escape the reflection of Baruch's feeling that it was one of those many problems that should have been entrusted to him at the outset. Bitterness creeps through it.

Merrily, we roll along.

OPA Broadens Typewriter Rationing Eligibility

An amendment to typewriter rationing regulations materially broadening the classification of those eligible to buy both standard and portable machines was announced Sept. 17 by the Office of Price Administration.

The principal establishments affected by the amendment, No. 5 to Revised Rationing Order No. 4, are contractors engaged in war work, the merchant marine, labor unions, employers' associations and agencies auxiliary to the war effort such as the United Service Organizations, the United Seamen's Service and the Red Cross.

Under the terms of the amendment, which went into effect Sept. 21, the classification of prime contractors has been extended to include those engaged in building airplane, naval and military establishments as well as any plant or factory producing war material, as defined in the original rationing order. These contractors may now obtain standard typewriters upon application to a Local War Price and Rationing Board. Heretofore, only prime contractors constructing military and naval cantonments, air bases and shipyards under Government agency order have been eligible for non-portable machines.

The extension of the right to buy typewriters to these contractors and the other new groups has been made necessary, OPA officials said, by the recently announced ban on rentals after Sept. 15. According to the terms of the rental ban, only those eligible to buy machines are eligible to rent them. The new order is designed to insure an adequate number of machines for the new eligibles.

The groups declared eligible to buy standard machines in addition to the prime contractors mentioned, include:

"1. Persons engaged in the operation of merchant ships.

"2. Prime contractors with the Army and Navy who are conducting air transport of military personnel and supplies to foreign countries.

"3. The national office of the United Service Organizations.

"4. The National office of the United Seamen's Service.

"5. The national office of the Red Cross for use in connection with its services to the armed forces.

"6. Labor unions and employers' organizations, 70% of whose membership is engaged in the production of war materials.

"7. Establishments manufacturing aviation and lubricating oils and high octane gasoline."

Groups declared eligible to buy portable machines include:

"1. Labor unions and employers' organizations, 60% of whose membership is engaged in the operation of plants which have an A-3 priority rating or higher.

"2. All offices of the United Seamen's Service."

According to the order, persons already eligible to purchase portables and those made eligible to purchase them under the amendment are eligible to buy standard machines, providing that these machines are of pre-1938 vintage. Persons selling typewriters of post-1935 manufacture to the Government are also authorized to buy machines manufactured before Jan. 1, 1928, without obtaining a rationing certificate if the machines are purchased at the time of the sale.

WPB Allows Advertising Fees In War Contracts

Donald M. Nelson, Chairman of the War Production Board, announced on Sept. 25 that Government cost-plus-fixed-fee contractors would be allowed to include a "reasonable expenditure" for advertising in fees charged the Government, even though the contractors are engaged substantially or entirely in war production.

Mr. Nelson directed, however, that all advertising expenditures included in such fees, or as part of overhead and management expenses on fixed price contracts, be reviewed as contracts are renegotiated.

In Associated Press Washington advices, it was further stated:

"The Boards, he said, would approve as 'reasonable expenditures' those which they find are 'ordinary and necessary and bear a reasonable relation to the business activities in which the enterprise is engaged.'

" 'This is not intended to exclude institutional advertising in reasonable amounts or goodwill advertising calculated to influence the buying habits of the public,' Mr. Nelson directed.

"If the Boards find that advertising expenditures charged to fees are 'extravagant and out of proportion to the size of the company or to the amount of its advertising budget in the past, or if they are not directed to public patronage which might reasonably be expected in the future' they will be disallowed.

" 'When an industry has been substantially or wholly converted to war production,' Mr. Nelson ruled, 'the Price Adjustment Boards will recognize that the amount of advertising expenditure necessary to maintain a trademark or brand name of a product in the public consciousness is much smaller than that required for promotion of the same product in a normal competitive market.' "

FDR Ends Nation-wide Tour of Inspection

President Roosevelt returned to Washington on Oct. 1 after completing a two week, 8,754 mile inspection tour of the country's war plants. The White House announcement, lifting the censorship which had prevailed since Sept. 17, said that the trip was "most successful" and that the President "inspected army and navy bases, shipyards, tank, airplane and shell producing plants, army, navy and marine training centers, supply depots and embarkation ports."

Upon his return to the White House, Mr. Roosevelt held a press conference for the purpose of giving the Washington correspondents the story of his trip, since only representatives of the Associated Press, United Press and International News Service accompanied him on the inspection tour.

The White House statement said, "the President traveled from Washington through Michigan, Illinois, Wisconsin, Minnesota, on west through North Dakota, Montona and Idaho to Washington, down the length of the Pacific Coast and returned through the Southwest, Arizona, New Mexico, Texas, Louisiana and thence to Washington, stopping at army cantonments in Mississippi and South Carolina."

The President told his press conference on Oct. 1 that his trip through 24 States had convinced him that production was going along extremely well and that Washington was lagging far behind the rest of the country in war spirit.

Concerning his press comments, Associated Press, Washington advices stated:

He said he had found war plants operating at 94 to 95% of efficiency, with both labor and management traveling with all possible speed toward the goal of maximum output.

In declaring that war spirit was not as high in Washington as elsewhere, he cited three reasons:

1. Many members of Congress, seeking to justify their service to the war effort, are delving into questions which should be left to military experts. This was no new thing, he said. It has been going on since the American Revolution.

2. A minority of the press and radio, which appears not to be really familiar with the country, was thinking in local terms and disseminating sententious news. While most stories are all right, he said, some do harm because they aren't based on facts, and the greatest offenders are some commentators and columnists. (Asked to give specific examples, the President declined.)

3. Certain administration officials, who might well button up their lips. Some of these men, who do not have access to full information or possibly are publicity seekers, make picturesque speeches, he said. Sometimes they act under the impression that insufficient emphasis is being given to their particular fields.

FDR Orders Exempt Food Prices Fixed

After signing the anti-inflation bill on Oct 2, President Roosevelt instructed Price Administrator Leon Henderson to place ceilings immediately upon all agricultural commodities which were exempt under the original Emergency Price-Control Act, but which are no longer exempt under the statute passed by Congress on Oct 2. These commodities include chickens, eggs, cheese, butter, potatoes and flour.

Mr. Roosevelt's instructions were contained in a letter to Mr. Henderson, which said:

"I have signed the cost-of-living stabilization bill.

"I wish that you would consult with the Secretary of Agriculture and immediately establish ceiling prices for eggs, chickens, butter, cheese, potatoes, flour and such other foods as can be controlled under existing laws.

"In line with my recent message to the Congress, you should consider present governmental payments to agricultural producers and subsidy payments in arriving at the minimum ceiling prices.

"This government is determined to use all of its powers to prevent any avoidable rise in the cost of living."

All Rents Frozen At March 1 Levels

In accordance with instructions from President Roosevelt, Price Administrator Henderson signed on Oct. 5 a blanket order directing that residential rents be reduced to the levels of March 1, 1942, in every part of the United States where Federal rent control procedures had not already been in effect. The President had directed Mr. Henderson to issue the order after signing the cost-of-living stabilization bill on Oct. 2. The order designated as defense rental areas all parts of the 45 States, rural and urban alike, which had not previously been set aside as defense rental areas. Only the States of Connecticut, Rhode Island and Delaware had been previously designated in their entirety as defense rental areas. Since the Price Control Act requires that the OPA wait for 60 days after designating a defense rental area before bringing it under Federal regulation, Price Administrator Henderson called on landlords and tenants to cooperate with the President's wartime program for controlling the cost of living until the Federal machinery can be placed in operation.

Up to Sept. 1 the OPA had designated 396 defense-rental areas with a total population of about 90,000,000 but only 134 areas, covering 45,500,000 persons, had up to that time been brought under Federal rent regulations.

The President's instructions to Mr. Henderson said:

"That part of the nation which has not yet been designated within defense rental areas should now be so treated. We should make no distinction between city or country as to their participation in the total war effort. Certainly the contribution of agriculture to the effective prosecution of the war is clear. Therefore, our rural population equally deserves to have its rents stabilized.

"I wish you would immediately issue appropriate orders to prevent rent increases on urban and rural dwellings. In such areas as you deem appropriate to reduce current rents, I am sure you will proceed to take such action as may be necessary."

Protocol On Aid To Russia

The State Department in Washington announced on Oct. 6 that the United States, Great Britain and Russia have signed a protocol regarding the delivery of military equipment, munitions and raw materials by the United States and Britain to the Soviet Union.

This protocol, the State Department explained, "gives formal expression to agreements already in effect for some months and which provided for the continuance without interruption of the supply program inaugurated at the Moscow conference a year ago."

The protocol was signed for the United States by Acting Secretary of State Sumner Welles, for Britain by Sir Ronald Campbell, British Minister, and for the Soviet Union by Ambassador Maxim Litvinoff.

The agreement reached at the Moscow conference was noted in these columns Oct. 9, 1941, page 527.

Steel Operations At Over 100% Of Capacity—Output At An All-Time High—Backlogs Grow

"Regardless of how effectively steel is being distributed under the priorities system it is clear that steel manufacturers in the United States are making more of that metal than ever before," reports "The Iron Age" in its issue of today (Oct. 15), which further goes on to say in part: "Steel production for the nation this week gained a half point of 100% of capacity, the highest mark since the week of last April 30. Since production rates in the earlier part of this year were figured on a somewhat smaller capacity, ingot output is at an all-time high at above 1,700,000 tons for the week.

"With scrap reservoirs rising each day by thousands of tons as a result of the national effort to collect household scrap, variations in the rate of steel production will be watched hereafter by millions of scrap donors, who will have a part, however small, in lifting the rate to capacity.

"So far, little headway has been made in building up winter stocks of scrap, but mill operators are encouraged by knowledge that large accumulations of old metal have already resulted from the industrial and household drives.

"Emasculation of the much publicized War Materials, Inc., the government agency organized to salvage scrap beyond ceiling prices, is a discouraging development on the scrap front. At midweek some industrial observers also were concerned lest failure to map out details of the scrap drive beyond the initial collection stage may result in considerable public disillusionment.

"On the bright side of this week's industrial news is the announcement the Columbia Steel Co.'s new Geneva steel plant near Provo, Utah, will be turning out steel by next May, considerably ahead of schedule. The first openhearth furnace at this plant is to be lighted in May, and the structural and slabbing mills are to be rolling in June. The Geneva plant, which will be among the nation's large plants, will cost $150 million.

"Progress is being made in the use of National Emergency steels, according to reports to 'The Iron Age.' More than 326,997 tons of NE steels have been scheduled by the alloy producing companies. Steel producers scheduled 211,076 net tons of NE steels and WPB directed electric furnace operators to melt 115,921 net tons."

The American Iron and Steel Institute on Oct. 12 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 100.2% of capacity for the week beginning Oct. 12, compared with 98.6% one week ago, 97.2% one month ago and 98.4% one year ago. This represents an increase of 1.6 points or 1.6% from the preceding week and is the first time since the war started that scheduled operations have risen to over 100% of capacity. The operating rate for the week beginning Oct. 12 is equivalent to 1,714,100 tons of steel ingots and castings, compared to 1,686,700 tons one week ago, 1,662,800 tons one month ago, and 1,525,800 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Oct. 12 stated in part: "In one of the longest periods of sustained production, close to capacity, steelmakers still are unable to reduce backlogs or keep abreast of record-breaking demand for steel products.

"That some districts have noted a decline in new orders is of little significance as this can be offset suddenly by new directives and allocations. With plates well distributed under complete allocations pressure continues to increase on bars and sheets, on which delivery promises now extend several months on new business and congestion in top priorities grows.

"Current orders for bars with AA-1 and AA-2 ratings are deferred to first quarter, especially in larger rounds and flats. Specifications are heavy against alloy bar contracts and directives are frequently applied against new orders for urgent material. Consumers in need of small lots to fill in have great difficulty as warehouse stocks are low and broken. Forging shops with aircraft orders are heavily loaded.

"Proposed issuance of first quarter forms appears to set at rest doubt as to further use of PRP, as apparently it will be operative at least until second quarter.

"Scrap is being brought forth from its hiding places in large volume under the national drive, which promises well in regard to the winter supply. A lag is developing in getting the scrap to consumers, facilities for collecting and processing leaving much to be desired. In many cities volunteer trucks are relied on to collect what householders offer or to pick up concentrations by civic and other groups. Yard preparation is also slowed by lack of experienced labor, as considerable inroads have been made in working forces by the draft and the lure of higher wages in war work. Current deliveries to melters are sufficient to maintain the high rate of steelmaking and some small progress is being made in piling reserves for winter. One effect of the drive probably will be to increase yard stocks, until they can be worked over and prepared for mill use.

"Steel ingot production in third quarter was second highest for any quarter in the history of the steel industry, 21,449,359 tons, compared with 21,531,358 tons in second quarter, which was the record. September production was 7,067,084 tons, compared with 7,233,451 tons in August, a longer month. In September, 1941, ingot output was 6,811,764 tons.

"Iron ore movement in September maintained the increased rate that has marked prior months, a total of 11,847,919 gross tons being shipped, an increase of 1,536,402 tons, 14.9%, more than in September, 1941. For the season to Oct. 1 the total movement has been 72,441,453 tons, a gain of 10,417,225 tons, 16.8% over the season to Oct. 1, 1941."

WPB Goes On 6-Day Week

The War Production Board has gone on a full 6-day week for the duration, it was announced on Oct. 1. The regular office hours of WPB, both in Washington and in the field, now are from 8:30 A. M. to 5:15 P. M. daily except Sunday. The Board's announcement adds:

However, under the terms of the Administrative order setting up the new system, employes who work on Saturday afternoons are, in accordance with law, granted compensatory leave of four hours to be taken during the next week.

Purpose of the order is to insure that all offices and units of WPB function six days a week, without a let-down on Saturday afternoons.

Gross And Net Earnings Of United States Railroads For The Month Of August

Last month we were able to say that the earnings of the United States railroads for the month of July had attained a total that was the largest in the history of the railroads for any month in any year. We now find that the earnings of these roads for the month of August exceed those in July in both gross and net, so that a new high has now been established.

The ratio of expenses to earnings for the month of August continued to show a tendency to shrink. This can be attributed to the fact that though expenses continued to increase, they could not keep pace with the extraordinary gains in revenues. In August of the current year, the ratio of expenses to earnings was 58.39% as compared with 58.70% in July and 63.56% in August, 1941. It must be remembered, however, that expenses are continually increasing, but nevertheless after a certain point has been reached, they must begin to fall behind revenues that are ever increasing.

Gross earnings of the railroads of the United States in August were $683,805,652 against $493,696,240 in August last year, an increase of $190,109,412, or 38.51%. Net earnings in August were $284,516,331 against $179,888,764 in August, 1941, a gain of $104,627,567 or 58.16%. We now give below in tabular form the results for the month of August, 1942, as against August, 1941:

			Incr. (+) or Decr. (—)	
Month of August—	1942	1941	Amount	%
Mileage of 132 roads	230,948	232,226	— 1,278	— 0.06
Gross earnings	$683,805,652	$493,696,240	+$190,109,412	+38.51
Operating expenses	399,289,321	313,807,476	+ 85,481,845	+27.24
Ratio of expenses to earnings	(58.39%)	(63.56%)		
Net earnings	$284,516,331	$179,888,764	+$104,627,567	+58.16

In order to comprehend more clearly the significance of the enormous increase in railroad revenues for the month of August, let us now consider the general business statistics which are responsible for this gain in earnings. In the following table we have assembled those figures which are representative of the movement in the more vital industries together with statistics relating to grain and livestock receipts and revenue freight car loadings for the month of August, 1942, as compared with the corresponding month for the years 1941, 1940, 1932 and 1929:

August—	1942	1941	1940	1932	1929
Building ($000):					
†Constr. contracts awarded	721,028	760,233	414,941	133,988	488,882
Coal (net tons):					
‡Bituminous	47,160,000	45,651,000	39,010,000	22,489,000	44,695,000
§Pennsylvania anthracite	5,180,000	5,441,000	3,883,000	3,465,000	5,735,000
Freight Traffic:					
¶Carloadings, all (cars)	x3,487,420	x3,580,350	x3,000,006	x2,129,497	x4,494,786
††Livestock receipts:					
Chicago (cars)	6,801	5,644	5,308	12,466	17,105
Kansas City (cars)	6,281	3,145	3,970	6,771	8,247
Omaha (cars)	2,432	1,660	2,207	4,858	5,917
‡‡Western flour and grain receipts:					
Flour (000 barrels)	x1,726	x1,523	x1,611	x1,420	x1,750
Wheat (000 bushels)	x36,837	x45,211	x44,483	x35,522	x82,032
Corn (000 bushels)	x17,771	x16,244	x16,801	x12,824	x16,040
Oats (000 bushels)	x16,188	x13,311	x13,045	x21,041	x32,150
Barley (000 bushels)	x19,058	x10,183	x14,388	x1,358	x16,601
Rye (000 bushels)	x2,969	x6,914	x1,847	x5,517	x4,742
Iron and Steel (net tons):					
§§Steel ingot production	7,233,451	6,997,496	6,186,383	961,153	5,614,144
Lumber (000 feet):					
¶¶Production	x1,072,941	x1,202,059	x1,044,296	x420,696	x1,039,403
¶¶Shipments	x1,121,528	x1,265,498	x1,080,817	x495,290	x959,383
¶¶Orders received	x1,114,205	x1,064,071	x1,294,394	x547,571	x942,173

Note—Figures in above table issued by:

†F. W. Dodge Corp. (figures for 37 States east of Rocky Mountains). ‡National Bituminous Coal Commission. §United States Bureau of Mines. ¶Association of American Railroads. ††Reported by major stock yard companies in each city. ‡‡New York Produce Exchange. §§American Iron and Steel Institute. ¶¶National Lumber Manufacturers' Association (number of reporting mills varies in different years). x Four weeks.

Generally speaking, the activity of the items listed showed a continued upward trend. Building construction contracts awarded, though falling below the 1941 figure, represented the fourth largest monthly total on record. Bituminous coal was up 1,509,000 tons, while anthracite showed a drop of 261,000 tons in comparison with the 1941 total. Steel ingot production continued to climb with a gain of 235,955 tons to attain a new high for the month. Livestock and grain receipts in general also showed increases over 1941. Carloadings showed a decrease of 2.6%, but this cannot be taken as a true comparison, since the number of tons transported and the distance of hauls were much greater this year.

In turning our attention from the railroads of the country as a whole and focusing it on the roads and systems separately, we find that the individual totals are in consonance with the results shown in the general totals. No fewer than 89 roads in gross and 71 in the net listing indicated major increases of $100,000 or more. The Pennsylvania, in uniformity with previous showings, again led both gross and net classifications with gains of $20,325,895 and $11,483,741 respectively. The New York Central finished second in gross with an increase of $15,344,735, but was only fourth in the net category. The Atchison, Topeka & Santa Fe climbed from fifth in the gross listing to second in net, showing an increase of $8,359,678 in the latter category while the Southern Pacific showed a tendency to be consistent, being third in both classifications, with respective increases of $14,571,048 and $8,318,876. In comparison with no decreases in gross or net in 1941, there were two decreases in gross and five in net this past August. The Virginian headed the gross listing with a decrease of $379,488, while the Norfolk & Western led the net with a negative gain of $898,396. Without further comment we now present our tabulation showing the principal changes of $100,000 or more whether gains or decreases and in both gross and net categories.

PRINCIPAL CHANGES IN GROSS EARNINGS FOR THE MONTH OF AUGUST

	Increase		Increase
Pennsylvania	$20,325,895	Cinc. N. Orl. & Tex. Pac.	$795,123
New York Central	*15,344,735	International Gt. Northern	792,001
Southern Pacific (2 roads)	14,571,048	Delaware & Hudson	767,800
Union Pacific	12,698,869	Colo. & Southern (2 rds.)	751,381
Atchison Topeka & Santa Fe	12,569,734	Pere Marquette	721,359
Missouri Pacific	7,111,169	Chicago & Eastern Illinois	629,378
Baltimore & Ohio	6,484,444	Central of Georgia	544,902
Southern	6,395,700	Spokane Portland & Seattle	544,454
Seaboard Air Line	5,068,257	New Orleans & Northeastern	511,806
Louisville & Nashville	4,756,850	Louisiana & Arkansas	443,690
N. Y. N. H. & Hartford	4,696,711	Grand Trunk Western	409,384
Illinois Central	4,675,387	Georgia	400,279
Atlantic Coast Line	4,369,363	Norfolk & Western	282,578
Chicago Burlington & Quincy	4,169,420	Chicago Great Western	281,894
Chicago Rock Island & Pac.	3,756,670	Elgin Joliet & Eastern	265,504
St. Louis-San Fran. (2 rds.)	2,814,560	Pittsburgh & Lake Erie	251,907
Great Northern	2,636,705	Wheeling & Lake Erie	240,946
New York Chicago & St. L.	2,402,491	Canadian Pac. Lines in Me.	219,310
Wabash	2,399,626	Western Ry. of Alabama	207,506
Denver & Rio Grande West.	2,350,525	Georgia Southern & Florida	201,904
Missouri-Kansas-Texas	2,343,874	Norfolk Southern	193,018
Chicago & North Western	2,156,101	Bessemer & Lake Erie	189,690
Chicago Milw. St. P. & Pac.	2,143,688	Maine Central	168,510
Lehigh Valley	2,126,375	Pittsburgh & West Virginia	167,666
Northern Pacific	2,077,703	Illinois Terminal	155,284
Texas & Pacific	1,998,951	Minn. St. P. & S. Ste. Marie	148,487
Reading	1,959,282	Pa.-Reading Seashore Lines	133,137
Erie	1,953,265	Atlanta Birmingham & Coast	131,424
Boston & Maine	1,710,540	Atlanta & West Point	129,686
St. Louis Southwestern	1,690,158	Staten Island Rapid Transit	123,041
Kansas City Southern	1,660,717	New York Ontario & Western	118,533
Yazoo & Mississippi Valley	1,492,676	Lehigh & Hudson River	117,091
Chesapeake & Ohio	1,426,547	New York Susq. & Western	116,436
Richmond Fredericks. & Pot.	1,395,388	Minneapolis & St. Louis	112,361
Western Pacific	1,320,996	Burlington-Rock Island	110,626
Florida East Coast	1,160,631	Clinchfield	109,489
N. Orl. Tex. & Mex. (3 rds.)	1,144,947	Oklahoma City-Ada-Atoka	103,247
Alton	1,115,577	Northwestern Pacific	100,155
Nash. Chattanooga & St. L.	1,110,041		
Duluth Missabe & Ir. Range	1,086,538	Total (89 roads)	$189,787,729
Gulf Mobile & Ohio	1,023,941		
Central of New Jersey	961,120		Decrease
Delaware Lack. & Western	871,469	Virginian	$379,488
Alabama Great Southern	865,184	New York Connecting	228,015
Long Island	864,471		
Western Maryland	838,403	Total (2 roads)	$607,503

*These figures cover the operations of the New York Central and the leased lines—Cleveland Cincinnati Chicago & St. Louis, Michigan Central, Cincinnati Northern, and Evansville Indianapolis & Terre Haute. Including Pittsburgh & Lake Erie, the result is an increase of $15,596,642.

PRINCIPAL CHANGES IN NET EARNINGS FOR THE MONTH OF AUGUST

	Increase		Increase
Pennsylvania	$11,483,741	Nash. Chattanooga & St. L.	$606,609
Atchison Topeka & Santa Fe	8,359,678	Gulf Mobile & Ohio	560,422
Southern Pacific (2 roads)	8,318,876	International Gt. Northern	552,051
New York Central	*7,806,616	Alabama Great Southern	522,841
Union Pacific	7,755,145	Cinc. N. Orl. & Tex. Pac.	503,378
Missouri Pacific	4,493,480	Colo. & Southern (2 roads)	499,316
Southern	3,863,125	Chicago & Eastern Illinois	448,428
Seaboard Air Line	3,500,449	Spokane Portland & Seatle	412,856
Atlantic Coast Line	2,885,844	Long Island	392,151
N. Y. N. H. & Hartford	2,794,547	Delaware Lack. & Western	375,165
Chicago Burlington & Quincy	2,597,446	Pere Marquette	309,468
Chicago Rock Island & Pac.	2,547,989	Georgia	285,546
Louisville & Nashville	2,508,042	Central of Georgia	271,582
Baltimore & Ohio	2,486,423	New Orleans & Northeastern	266,023
Illinois Central	2,149,784	Western Maryland	259,055
Denver & Rio Grande West.	1,637,851	Grand Trunk Western	216,479
Wabash	1,624,127	Central of New Jersey	214,956
St. Louis-San Fran. (2 rds.)	1,503,748	Wheeling & Lake Erie	176,411
Great Northern	1,446,886	Louisiana & Arkansas	173,592
New York Chicago & St. L.	1,313,718	Canadian Pac. Lines in Me.	144,886
Texas & Pacific	1,244,441	Western Ry. of Alabama	137,000
St. Louis Southwestern	1,204,283	Chicago Great Western	134,498
Richmond Fredericks. & Pot.	1,120,419	Georgia Southern & Florida	133,286
Lehigh Valley	1,047,182	Delaware & Hudson	120,300
Yazoo & Mississippi Valley	993,830	Staten Island Rapid Transit	106,542
Reading	984,403	Chesapeake & Ohio	101,720
Boston & Maine	945,701	Pittsburgh & Lake Erie	101,322
Erie	943,975	Norfolk Southern	101,072
Western Pacific	913,513		
N. Orl. Tex. & Mex. (3 rds.)	845,527	Total (71 roads)	$105,510,873
Kansas City Southern	817,576		Decrease
Florida East Coast	794,368	Norfolk & Western	$898,396
Missouri-Kansas-Texas	783,762	Virginian	435,287
Chicago & North Western	781,088	Minn. St. P. & S. Ste. Marie	299,523
Alton	773,974	New York Connecting	267,733
Duluth Missabe & Ir. Range	752,265	Lake Superior & Ishpeming	111,704
Northern Pacific	717,737		
Chicago Milw. St. P. & Pac.	642,359	Total (5 roads)	$2,012,643

*These figures cover the operations of the New York Central and the leased lines—Cleveland Cincinnati Chicago & St. Louis, Michigan Central, Cincinnati Northern, and Evansville Indianapolis & Terre Haute. Including Pittsburgh & Lake Erie, the result is an increase of $7,907,938.

Let us now analyze the results recorded when the railroads are classified into geographical subdivisions, districts and regions.

In considering the showings of the various districts, we find that the Western District headed both gross and net listings with gains of 44.60% and 70.75% respectively. The Southern and Eastern Districts were second and third with increases in gross of 41.10% and 31.91% and with improvements of 54.19% and 47.71% in net. However, the greatest percentage gain of all was made in the net classification of the regions by the Southwestern region which indicated a gain of 113.99%. The Central Western region narrowly missed doubling its 1941 August net earnings, showing a gain of 99.44%. The Southern region followed closely in third position with an increase of 98.74%, this also being recorded in the net figures. Other increases in both gross and net ranged from 8.87% to 68.29%. The sole decrease, one of 0.67%, was shown in the net category by the Pocahontas region. As customary, we now present our summary grouping of the roads. For the boundaries of the various districts and regions, which conform with the grouping of the Interstate Commerce Commission, we make reference to the footnote subjoined to the following table:

SUMMARY BY GROUPS—MONTH OF AUGUST

District and Region	Gross Earnings 1942	Gross Earnings 1941	Inc. (+) or Dec. (—)	
Eastern District—	$	$	$	%
New England region (10 roads)	25,469,318	18,883,236	+ 6,586,082	+34.88
Great Lakes region (23 roads)	113,831,800	85,962,927	+ 27,868,873	+32.42
Central Eastern region (18 roads)	140,608,392	107,346,950	+ 33,261,442	+30.99
Total (51 roads)	279,909,510	212,193,113	+ 67,716,397	+31.91
Southern District—				
Southern region (26 roads)	93,949,894	59,570,617	+ 34,379,277	+57.71
Pocahontas region (4 roads)	33,431,542	30,706,517	+ 2,725,025	+ 8.87
Total (30 roads)	127,381,436	90,277,134	+ 37,104,302	+41.10
Western District—				
Northwestern region (15 roads)	74,256,965	62,894,018	+ 11,362,947	+18.07
Central Western region (16 roads)	143,074,384	93,163,547	+ 49,910,837	+53.57
Southwestern region (20 roads)	59,183,357	35,168,428	+ 24,014,929	+68.29
Total (51 roads)	276,514,706	191,225,993	+ 85,288,713	+44.60
Total all districts (132 roads)	683,805,652	493,696,240	+190,109,412	+38.51

District and Region	Mileage 1942	Mileage 1941	Net Earnings 1942	Net Earnings 1941	Incr. (+) or Dec. (—)	
Eastern District—			$	$	$	%
New England region	6,644	6,695	10,118,378	6,544,809	+ 3,573,569	+54.60
Great Lakes region	26,016	26,045	42,185,261	28,127,176	+ 14,058,085	+49.98
Central East. region	24,199	24,456	53,231,653	36,776,717	+ 16,454,936	+44.74
Total	56,859	57,196	105,535,292	71,448,702	+ 34,086,590	+47.71
Southern District—						
Southern region	37,622	38,020	40,967,275	20,613,591	+ 20,353,684	+98.74
Pocahontas region	6,047	6,084	16,625,907	16,737,451	— 111,544	— 0.67
Total	43,669	44,104	57,593,182	37,351,042	+ 20,242,140	+54.19
Western District—						
Northwestern region	45,622	45,514	31,518,250	26,939,783	+ 4,578,467	+17.00
Central West. region	55,874	56,362	63,127,917	31,652,816	+ 31,475,101	+99.44
Southwestern region	28,924	29,050	26,741,690	12,496,421	+ 14,245,269	+113.99
Total	130,420	130,926	121,387,857	71,089,020	+ 50,298,837	+70.75
Total all districts	230,948	232,226	284,516,331	179,888,764	+104,627,567	+58.16

Note—Our grouping of the roads conforms to the classification of the Interstate Commerce Commission, and the following indicates the confines of the different groups and regions:

EASTERN DISTRICT

New England Region—Comprises the New England States.

Great Lakes Region—Comprises the section on the Canadian boundary between New England and the westerly shore of Lake Michigan to Chicago, and north of a line from Chicago via Pittsburgh to New York.

Central Eastern Region—Comprises the section south of the Great Lakes Region east of a line from Chicago through Peoria to St. Louis and the Mississippi River to the mouth of the Ohio River, and north of the Ohio River to Parkersburg, W. Va., and a line thence to the southwestern corner of Maryland and by the Potomac River to its mouth.

SOUTHERN DISTRICT

Southern Region—Comprises the section east of the Mississippi River and south of the Ohio River to a point near Kenova, W. Va., and a line thence following the eastern boundary of Kentucky and the southern boundary of Virginia to the Atlantic.

Pocahontas Region—Comprises the section north of the southern boundary of Virginia, east of Kentucky and the Ohio River north to Parkersburg, W. Va., and south of a line from Parkersburg to the southwestern corner of Maryland and thence by the Potomac River to its mouth.

WESTERN DISTRICT

Northwestern Region—Comprises the section adjoining Canada lying west of the Great Lakes Region, north of a line from Chicago to Omaha and thence to Portland, and by the Columbia River to the Pacific.

Central Western Region—Comprises the section south of the Northwestern Region west of a line from Chicago to Peoria and thence to St. Louis, and north of a line from St. Louis to Kansas City and thence to El Paso and by the Mexican boundary to the Pacific.

Southwestern Region—Comprises the section lying between the Mississippi River south of St. Louis and a line from St. Louis to Kansas City and thence to El Paso, and by the Rio Grande to the Gulf of Mexico.

In general the Western grain movement indicated a slight upward trend. The total receipts for the month of August of the current year exceeded those of the corresponding month of 1941 by 960,000 bushels. Corn, oats, and barley, the three grains showing increased receipts, had a combined total gain of 13,279,000 bushels, while the main offsetting factor, wheat, recorded a decrease of 8,374,000 bushels. Rye receipts dropped 57% or 3,945,000 bushels. The details of the Western flour and grain movement are presented in the following table:

WESTERN FLOUR AND GRAIN RECEIPTS

Four Weeks Ended August 29

(000) Omitted	Year	Flour (bbls.)	Wheat (bush.)	Corn (bush.)	Oats (bush.)	Rye (bush.)	Barley (bush.)
Chicago	1942	887	1,953	5,777	2,346	136	1,269
	1941	708	1,785	7,676	3,160	119	1,026
Minneapolis	1942	----	11,691	206	8,584	1,940	12,887
	1941	----	20,125	286	6,571	4,699	5,662
Duluth	1942	----	3,701	446	267	240	753
	1941	----	8,589	408	164	1,243	257
Milwaukee	1942	63	801	226	41	23	3,110
	1941	65	243	765	244	642	2,474
Toledo	1942	----	1,635	310	1,086	308	16
	1941	----	997	64	656	4	5
Indianapolis & Omaha	1942	----	3,393	2,931	1,624	106	15
	1941	----	3,496	2,728	1,105	28	2
St. Louis	1942	497	3,947	2,265	396	78	160
	1941	474	699	1,030	270	22	61
Peoria	1942	212	396	2,672	227	29	304
	1941	139	615	2,330	158	72	422
Kansas City	1942	67	6,762	2,306	810	----	----
	1941	137	5,612	451	390	----	----
St. Joseph	1942	----	906	352	311	----	----
	1941	----	665	129	286	----	----
Wichita	1942	----	1,097	----	----	----	----
	1941	----	1,583	----	----	----	3
Sioux City	1942	----	555	280	496	109	544
	1941	----	802	377	307	85	271
Total all	1942	1,726	36,837	17,771	16,188	2,969	19,058
	1941	1,523	45,211	16,244	13,311	6,914	10,183

WESTERN FLOUR AND GRAIN RECEIPTS

Eight Months Ended August 29

(000 omitted)	Year	Flour (bbls.)	Wheat (bush.)	Corn (bush.)	Oats (bush.)	Rye (bush.)	Barley (bush.)
Chicago	1942	7,527	9,348	62,914	13,399	1,753	9,053
	1941	6,773	15,955	62,848	14,502	3,519	8,038
Minneapolis	1942	----	68,195	13,849	22,271	8,213	32,927
	1941	86	93,831	8,415	16,596	12,720	29,215
Duluth	1942	----	25,517	10,261	338	1,101	2,257
	1941	21	39,232	12,256	1,164	2,014	7,429
Milwaukee	1942	533	1,096	6,443	462	668	17,241
	1941	612	3,910	7,203	720	1,096	16,010
Toledo	1942	283	8,475	4,325	2,899	831	148
	1941	----	10,620	1,610	4,267	31	56
Indianapolis & Omaha	1942	----	16,617	32,659	8,449	353	60
	1941	25	23,003	22,575	5,512	367	100
St. Louis	1942	4,404	13,391	15,920	2,676	814	1,600
	1941	4,500	14,372	9,431	2,391	231	1,143
Peoria	1942	1,417	2,194	29,563	1,451	526	2,553
	1941	1,393	2,972	21,529	1,842	637	2,554
Kansas City	1942	562	46,386	22,121	3,314	6	----
	1941	939	69,970	4,319	1,662	----	----
St. Joseph	1942	----	4,720	3,500	2,112	4	6
	1941	----	3,961	1,271	1,509	----	----
Wichita	1942	----	14,374	24	2	----	----
	1941	----	18,826	----	----	----	3
Sioux City	1942	----	2,276	3,337	980	213	1,529
	1941	----	1,988	1,518	633	262	1,145
Detroit	1942	----	131	111	----	15	7
	1941	----	----	----	----	----	----
Total all	1942	14,726	212,720	205,027	58,353	14,497	67,381
	1941	14,349	298,640	152,975	50,798	20,877	65,693

In conclusion we now furnish in the following table a summary of the gross and net earnings of the present year in comparison with each year back to and including 1909:

Month of August	Gross Earnings Year Given	Gross Earnings Year Preceding	Inc. (+) or Dec. (—)	%	Mileage Year Given	Mileage Year Preced'g
1909	$225,488,923	$197,928,775	+ $27,560,148	+13.92	216,332	213,683
1910	251,505,986	233,666,645	+ 17,839,341	+ 7.63	234,805	230,925
1911	243,816,594	245,784,289	— 1,967,695	— 0.80	230,536	227,076
1912	276,927,416	251,067,032	+ 25,860,384	+10.30	239,230	235,404
1913	259,835,029	255,493,023	+ 4,342,006	+ 1.70	219,492	216,709
1914	269,593,446	280,919,858	— 11,326,412	— 4.03	240,831	237,159
1915	279,891,224	274,618,381	+ 5,272,843	+ 1.92	247,803	245,754
1916	333,460,457	278,787,021	+ 54,673,436	+19.61	245,516	244,765
1917	373,326,711	333,555,136	+ 39,771,575	+11.92	247,099	246,190
1918	498,269,356	362,509,561	+135,759,795	+37.45	230,743	230,015
1919	469,868,678	502,505,334	— 32,636,656	— 6.49	233,423	233,203
1920	541,549,311	460,173,330	+ 81,375,981	+17.68	227,145	226,440
1921	504,599,664	554,718,882	— 50,119,218	— 9.04	223,815	233,067
1922	472,242,561	504,154,065	— 31,911,054	— 6.33	235,294	235,090
1923	563,292,105	473,110,138	+ 90,181,967	+19.06	235,357	235,696
1924	507,406,011	563,358,029	— 55,952,018	— 9.93	235,172	235,445
1925	554,559,318	507,537,554	+ 47,021,764	+ 9.26	236,750	236,546
1926	577,791,746	553,933,904	+ 23,857,842	+ 4.31	236,759	236,092
1927	556,406,662	579,093,397	— 22,686,735	— 3.92	238,672	237,824
1928	556,908,120	556,743,013	+ 165,107	+ 0.03	240,724	239,205
1929	585,638,740	557,803,468	+ 27,835,272	+ 4.99	241,026	241,253
1930	465,700,789	586,397,704	—120,696,915	—20.58	241,546	242,444
1931	364,010,959	465,762,820	—101,751,861	—21.85	243,024	242,632
1932	251,761,038	363,778,572	—112,017,534	—30.79	242,208	242,217
1933	300,520,299	251,782,311	+ 48,737,988	+19.36	241,166	242,358
1934	282,277,699	296,564,653	— 14,286,954	— 4.82	239,114	240,658
1935	293,606,520	282,324,620	+ 11,281,900	+ 4.00	238,629	238,955
1936	350,084,172	293,578,257	+ 56,505,915	+19.25	236,685	237,831
1937	358,995,217	349,923,357	+ 9,071,860	+ 2.59	235,321	235,879
1938	314,790,136	358,995,218	— 44,205,082	—12.31	234,479	235,324
1939	343,809,034	314,738,181	+ 29,070,853	+ 9.24	233,384	234,294
1940	380,673,990	343,809,034	+ 36,864,956	+10.72	232,772	233,379
1941	493,795,240	380,785,702	+112,919,538	+29.65	232,199	232,821
1942	683,805,652	493,696,240	+190,109,412	+38.51	230,948	232,226

Month of August	Net Earnings Year Given	Net Earnings Year Preceding	Increase (+) or Decrease (—)	%
1909	$85,880,447	$72,159,624	+ $13,720,823	+19.01
1910	88,684,738	89,529,654	— 844,916	— 0.94
1911	86,224,971	86,820,040	— 595,069	— 0.69
1912	99,143,971	87,718,505	+ 11,425,466	+13.03
1913	83,143,024	92,249,194	— 9,106,170	— 9.87
1914	87,772,384	87,300,840	+ 471,544	+ 0.54
1915	99,713,187	89,673,609	+ 10,039,578	+11.20
1916	125,837,849	99,464,634	+ 26,373,215	+26.52
1917	121,230,736	125,899,564	— 4,668,828	— 3.71
1918	142,427,118	118,114,360	+ 24,312,758	+20.58
1919	112,245,680	143,561,208	— 31,315,528	—21.81
1920	*116,173,003	108,053,371	—224,226,374	—207.51
1921	123,070,767	*125,167,103	+248,237,870	+198.32
1922	85,566,595	123,353,665	— 36,787,070	—29.82
1923	136,519,553	86,622,169	+ 49,897,384	+57.60
1924	134,669,714	136,817,995	— 2,148,281	— 1.57
1925	166,558,666	134,737,211	+ 31,821,455	+23.62
1926	179,416,017	166,426,264	+ 12,989,753	+ 7.81
1927	164,013,942	179,711,414	— 15,697,472	— 8.74
1928	173,922,684	164,087,125	+ 9,835,559	+ 5.99
1929	190,957,504	174,198,644	+ 16,758,860	+ 9.62
1930	139,134,203	191,197,599	— 52,063,396	—27.23
1931	95,118,329	139,161,475	— 44,043,146	—31.65
1932	62,540,800	95,070,808	— 32,530,008	—34.22
1933	96,108,921	62,553,029	+ 33,555,892	+53.64
1934	71,019,068	94,507,245	— 23,488,177	—24.85
1935	72,794,807	71,686,657	+ 1,108,150	+ 1.55
1936	104,272,144	72,650,775	+ 31,621,369	+43.53
1937	91,424,620	104,255,716	— 12,831,096	—12.31
1938	85,698,152	91,404,620	— 5,706,468	— 6.24
1939	96,767,942	85,703,240	+ 11,064,702	+12.91
1940	113,832,028	96,767,492	+ 17,064,086	+17.63
1941	179,888,764	113,877,166	+ 66,011,598	+57.97
1942	284,516,331	179,888,764	+104,627,567	+58.16

*Deficit.

L. C. L. Averaged 9½ Tons During July

The nation's Class 1 railroads established a new record during July in less-than-carload freight loadings by averaging 9.5 tons per car, the Office of Defense Transportation announced last month. The previous high mark, reached in May and again in June, was 8.9 tons per car. Loadings of merchandise freight by Class 1 roads for the year 1941 averaged only about 5.3 tons per car. The announcement further went on to say:

"Reporting under the terms of General Order ODT No. 1 which, on July 1, established an eight-ton minimum for merchandise loadings, 115 of the nation's major carriers showed an increase of 41,654,000 pounds of merchandise handled as compared with June, and at the same time used 22,700 less cars for this traffic, with a resultant increase in the average load per car from 17,835 pounds to 18,983 pounds. Both in May and June, nine of the Class 1 railroads reported an average weight per car of 20,000 pounds or more, while in July, 24 Class 1 roads equaled this mark.

"The short lines boosted the average merchandise weight per car from 14,469 pounds in June to 15,253 pounds in July. During July, 23 of these railroads averaged 20,000 pounds or more per car as compared with 18 in June and 16 in May. The short lines had an increase of 789,000 pounds of merchandise during July over June and used 489 less cars for its movement.

"The reporting freight forwarders showed a 2,000,000 pound increase in merchandise handled as compared with June and a decline in the average weight per car from 37,153 pounds to 36,874 pounds. Their average weight per car, however, was 400 pounds heavier during July than during May.

"Among the Class 1 leaders, the Pittsburgh and Lake Erie Railroad continued in first place, while the Georgia Railroad came up to fifth place for its second appearance among the leaders.

"Few changes in the standings took place during July among the short lines. The Milstead Railroad continued to lead the list with an average load of 19¼ tons per car, and the Jay Street Connecting Railroad, Brooklyn, New York, and the Dansville and Mount Morris Railroad, Dansville, New York, made their first appearance with the leaders.

"The minimum permissible weight of merchandise loading was raised, under the terms of General Order ODT No. 1, from eight tons to ten tons per car, on Sept. 1."

Promises Punishment For War Criminals

President Roosevelt asserted on Oct. 7 that it is the intention of the United States "that the successful close of the war shall include provision for the surrender to the United Nations of war criminals."

In a formal statement, the President said that this country is prepared to cooperate with the British and other governments in establishing a United Nations Commission for the investigation of war crimes.

After referring to his earlier statement on the commission of "barbaric crimes," President Roosevelt said it is the intention to mete out just and sure punishment to "ringleaders responsible for the organized murder of thousands of innocent persons and the commission of atrocities."

The text of the President's statement follows:

"On Aug. 21 I said that this Government was constantly receiving information concerning the barbaric crimes being committed by the enemy against civilian populations in occupied countries, particularly on the continent of Europe. I said it was the purpose of this Government, as I knew it to be the purpose of the other United Nations, to see that when victory is won the perpetrators of these crimes shall answer for them before courts of law.

"The commission of these crimes continues.

"I now declare it to be the intention of this Government that the successful close of the war shall include provision for the surrender to the United Nations of war criminals.

"With a view to establishing responsibility of the guilty individuals through the collection and assessment of all available evidence, this Government is prepared to cooperate with the British and other governments in establishing a United Nations Commission for the investigation of war crimes.

"The number of persons eventually found guilty will undoubtedly be extremely small, compared to the total enemy populations. It is not the intention of this Government or of the governments associated with us to resort to mass reprisals.

"It is our intention that just and sure punishment shall be meted out to the ringleaders responsible for the organized murder of thousands of innocent persons and the commission of atrocities which have violated every tenet of the Christian faith."

Statutory Debt Limitation As Of Sept. 30, 1942

The Treasury Department made public on Oct. 5 its monthly report showing the face amount of public debt obligations issued under the Second Liberty Bond Act (as amended) outstanding on Sept. 30, 1942, totaled $88,719,312,525, thus leaving the face amount of obligations, which may be issued subject to the $125,000,000,000 statutory debt limitation at $36,280,687,475. In another table in the report, the Treasury indicates that from the toal face amount of outstanding public debt obligations ($88,719,312,525) should be deducted $2,795,933,467 (the unearned discount on savings bonds), reducing the total to $85,923,379,058 but to this figure should be added $560,111,137 (the other public debt obligations outstanding but not subject to the statutory limitation). Thus, the total gross debt outstanding as of Sept. 30 was $86,483,490,195.

The following is the Treasury's report for Sept. 30:

Statutory Debt Limitation as of Sept. 30, 1942

Section 21 of the Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, "shall not exceed in the aggregate $125,000,000,000 outstanding at any one time."

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$125,000,000,000
Outstanding as of Sept. 30, 1942:			
Interest-bearing:			
Bonds—			
Treasury	$41,418,045,850		
Savings (Maturity value)*	15,274,744,950		
Depositary	94,079,000		
Adjusted Service	726,155,857		
		$57,513,025,657	
Treasury notes	$16,777,291,000		
Certificates of indebtedness	9,537,742,000		
Treasury bills (maturity value)	4,618,862,000		
		30,933,895,000	
		$88,446,920,657	
Matured obligations, on which interest has ceased		91,420,050	
Debt bearing no interest (U. S. Savings Stamps)		180,971,818	
			88,719,312,525
Face amount of obligations issuable under above authority			$36,280,687,475

RECONCILEMENT WITH DAILY STATEMENT OF THE UNITED STATES TREASURY, SEPT. 30, 1942

Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act, as amended		$88,719,312,525
Deduct, unearned discount on savings bonds (difference between current redemption value and maturity value)		2,795,933,467
		$85,923,379,058
Add other public debt obligations outstanding but not subject to the statutory limitation:		
Interest-bearing (pre-war, etc.)	$195,969,620	
Matured obligations on which interest has ceased	10,707,340	
Bearing no interest	353,434,177	
		560,111,137
Total gross debt outstanding as of Sept. 30, 1942		$86,483,490,195

*Approximate maturity value. Principal amount (current redemption value), according to preliminary public debt statement, $12,478,811,483.

September Department Store Sales

The Board of Governors of the Federal Reserve System announced on Oct. 8 that department store sales showed somewhat less than the usual sharp seasonal increase in September, following a greater than seasonal rise in the previous month, and the Board's adjusted index dropped to 125% of the 1923-25 average as compared with 130 in August and 121 in July.

INDEX OF DEPARTMENT STORE SALES‡ (1923-25 AVERAGE=100)

	Sept., 1942	Aug., 1942	July, 1942	Sept., 1941
Adjusted for seasonal variation	125	130	121	116
Without seasonal adjustment	135	103	83	125

Change from corresponding period a year ago (per cent)

Federal Reserve District—	One week ending§ Oct.3	Sept. 26	Sept.19	*Sept.12	Four-weeks ending Oct. 3	Sept. 26	Aug. 29	Aug. 1	Year to Oct. 3
Boston	+ 3	+ 4	+ 1	+ 2	+ 3	+ 8	— 9	+ 4	+10
New York	— 6	— 3	— 5	—10	— 6	— 2	—10	— 1	+ 5
Philadelphia	+ 3	†+ 5	†+ 5	+ 6	+ 4	+ 9	0	+ 5	+12
Cleveland	+ 1	+ 5	+ 4	— 8	+ 1	+ 8	—12	— 1	+ 9
Richmond	+16	†+14	+ 3	+ 6	+10	+14	+ 5	+12	+19
Atlanta	+11	+ 6	+ 3	— 7	+ 4	+ 7	— 5	+ 4	+ 7
Chicago	— 3	†+ 7	+ 4	— 4	+ 1	+ 6	— 5	+ 3	+ 8
St. Louis	+ 7	+ 3	+12	— 5	+ 4	+ 5	0	+ 1	+10
Minneapolis	*	*	*	*	— 6	+ 3	—15	— 2	+ 2
Kansas City	+ 6	+15	+22	+11	+13	+21	+ 3	+ 8	+12
Dallas	+15	+12	+10	+ 8	+11	+13	— 8	+ 2	+ 6
San Francisco	+ 9	†+10	+18	+ 5	+10	†+19	— 2	+ 9	+14
U. S. total	+ 2	+ 5	+ 5	— 3	+ 2	+ 8	— 6	+ 3	+ 9

WEEKLY INDEX, WITHOUT SEASONAL ADJUSTMENT (1935-39 AVERAGE=100)

1942—		1941—	
Sept. 12	128	Sept. 13	133
Sept. 19	137	Sept. 20	131
Sept. 26	155	Sept. 27	148
Oct. 3	173	Oct. 4	169

†Revised. *Not shown separately but included in United States total. ‡Monthly indexes refer to daily average sales in calendar month; September, 1942 figures estimated from weekly sales. §Changes shown for this week reflect in part the fact that this year store closings on Labor Day occurred in the week ending Sept. 12, whereas last year they occurred in the previous week.

Moody's Common Stock Yields

Yearly average yields in the years 1929 to 1941 inclusive and monthly average yields for 1941 will be found on page 2218 of the June 11, 1942 issue of the "Chronicle."

MOODY'S WEIGHTED AVERAGE YIELD ON 200 COMMON STOCKS

Month—	Industrials (125)	Railroads (25)	Utilities (25)	Banks (15)	Insurance (10)	Average Yield (200)
January, 1942	7.4%	7.2%	7.6%	5.3%	4.5%	7.2%
February, 1942	7.2	7.4	7.7	5.6	4.6	7.1
March, 1942	7.7	8.2	8.5	6.0	5.0	7.7
April, 1942	7.7	8.3	8.9	6.1	5.3	7.8
May, 1942	6.7	7.8	8.2	5.7	4.9	6.9
June, 1942	6.4	7.8	8.4	5.6	4.8	6.6
July, 1942	6.1	7.7	8.2	5.5	4.7	6.4
August, 1942	6.0	7.5	8.0	5.1	4.7	6.3
September, 1942	5.8	7.3	7.9	4.9	4.5	6.1

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Oct. 13	117.37	107.62	117.00	114.08	108.70	92.64	97.47	111.81	114.46
12	Exchange Closed								
10	117.36	107.62	117.20	114.08	108.70	92.64	97.47	111.81	114.46
9	117.38	107.44	117.20	114.08	108.70	92.50	97.31	111.81	114.46
8	117.38	107.44	117.20	114.08	108.70	92.50	97.31	111.81	114.46
7	117.33	107.44	117.20	114.08	108.70	92.35	97.31	111.81	114.46
6	117.30	107.44	117.00	114.08	108.70	92.35	97.31	111.81	114.27
5	117.40	107.27	117.00	113.89	108.70	92.20	97.16	111.62	114.27
3	117.39	107.27	117.00	113.89	108.52	92.35	97.16	111.62	114.27
2	117.39	107.27	117.00	113.89	108.52	92.35	97.16	111.81	114.27
1	117.36	107.27	117.00	113.89	108.52	92.35	97.16	111.62	114.27
Sep 25	117.51	107.27	117.00	113.89	108.70	92.06	97.00	111.62	114.08
18	117.62	107.27	117.00	113.70	108.52	92.06	96.85	111.81	114.08
11	117.75	107.09	116.80	113.50	108.34	92.06	96.69	111.81	113.89
4	117.80	107.09	117.00	113.31	103.34	92.06	96.54	111.62	114.08
Aug. 28	117.85	106.92	116.80	113.31	108.16	92.06	96.54	111.62	114.08
21	117.93	106.92	116.80	113.31	108.16	92.06	96.38	111.44	114.08
14	117.92	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.08
7	117.97	106.92	116.61	113.12	108.16	91.91	96.23	111.44	114.27
July 31	118.11	106.92	116.41	113.50	108.16	91.77	96.07	111.44	114.27
24	118.22	106.74	116.61	113.31	107.98	91.77	95.92	111.62	114.08
17	118.22	106.74	116.41	113.12	107.98	91.62	95.77	111.44	114.27
10	118.26	106.74	116.41	113.31	107.80	91.62	95.77	111.25	114.08
3	118.09	106.56	116.22	113.12	107.98	91.34	95.77	111.25	113.89
June 26	118.14	106.39	116.22	112.93	107.80	91.05	95.47	110.88	113.89
May 29	118.35	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
Mar. 27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
High 1942	118.41	107.62	117.20	114.08	108.70	92.64	97.47	111.81	114.46
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago									
Oct. 11, 1941	119.16	107.98	118.40	115.43	109.24	91.91	97.16	112.19	116.02
2 Years ago									
Oct. 11, 1940	116.64	104.66	117.20	112.56	104.31	87.86	93.67	109.79	111.62

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus.
Oct. 13	3.30	2.80	2.95	3.24	4.23	3.91	3.07	2.93
12	Exchange Closed							
10	3.30	2.79	2.95	3.24	4.23	3.91	3.07	2.93
9	3.31	2.79	2.95	3.24	4.24	3.92	3.07	2.93
8	3.31	2.79	2.95	3.24	4.24	3.92	3.07	2.93
7	3.31	2.79	2.95	3.24	4.25	3.92	3.07	2.93
6	3.31	2.80	2.95	3.24	4.25	3.92	3.07	2.94
Sep 25	3.32	2.80	2.96	3.24	4.27	3.94	3.08	2.95
18	3.32	2.80	2.97	3.25	4.27	3.95	3.07	2.95
11	3.33	2.81	2.98	3.26	4.27	3.96	3.07	2.96
4	3.33	2.80	2.99	3.26	4.27	3.97	3.08	2.95
Aug. 28	3.34	2.81	2.99	3.27	4.27	3.97	3.08	2.95
21	3.34	2.81	2.99	3.27	4.27	3.98	3.09	2.95
14	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.95
7	3.34	2.82	3.00	3.27	4.28	3.99	3.09	2.94
July 31	3.34	2.83	2.98	3.27	4.29	4.00	3.09	2.94
24	3.35	2.82	2.99	3.28	4.29	4.01	3.08	2.95
17	3.35	2.83	3.00	3.28	4.30	4.02	3.09	2.94
10	3.35	2.83	2.99	3.29	4.30	4.02	3.10	2.95
3	3.36	2.84	3.00	3.28	4.32	4.02	3.10	2.96
June 26	3.37	2.84	3.01	3.29	4.34	4.04	3.12	2.96
May 29	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.97
Apr. 24	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
Mar. 27	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
Feb. 27	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
High 1942	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	3.30	2.79	2.95	3.24	4.23	3.91	3.07	2.93
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago								
Oct. 11, 1941	3.28	2.73	2.88	3.21	4.28	3.93	3.05	2.85
2 Years ago								
Oct. 11, 1940	3.47	2.79	3.03	3.49	4.57	4.16	3.18	3.08

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Sept. 17, 1942, page 995.

September Shipments By Subsidiaries Of U. S. Steel Corp. Exceed Those Of A Year Ago

Shipments of finished steel products by subsidiary companies of the United States Steel Corporation for the month of September, 1942, amounted to 1,703,570 net tons, as compared with 1,788,650 net tons in the preceding month, a decrease of 85,080 net tons, and with 1,664,227 net tons in the corresponding month in 1941, an increase of 39,343 net tons.

For the year 1942 to date, shipments were 15,761,476 net tons compared with 15,137,436 net tons in the comparable period of 1941, an increase of 624,040 net tons.

The September 1942 shipments were the highest on record for that month in the history of the Corporation. Totals for the third quarter and for the nine months were also the highest on record for those periods.

In the table below we list the figures by months for various periods since January, 1929:

	1942	1941	1940	1939	1938	1929
January	1,738,893	1,682,454	1,145,592	870,866	570,264	1,364,801
February	1,616,587	1,548,451	1,009,256	747,427	522,395	1,388,407
March	1,780,938	1,720,366	931,905	845,108	627,047	1,605,510
April	1,758,894	1,687,674	907,904	771,752	550,551	1,617,302
May	1,834,127	1,745,295	1,084,057	795,689	509,811	1,701,874
June	1,774,068	1,668,637	1,209,684	607,562	524,994	1,529,241
July	1,765,749	1,666,667	1,296,887	745,364	484,611	1,480,008
August	1,788,650	1,753,665	1,455,604	885,636	615,521	1,500,281
September	1,703,570	1,664,227	1,392,838	1,086,683	635,645	1,262,874
October	------	1,851,279	1,572,408	1,345,855	730,312	1,333,385
November	------	1,624,186	1,425,352	1,406,205	749,328	1,110,050
December	------	1,846,036	1,544,623	1,443,969	765,868	931,744
Total by mos.	------	20,458,937	14,976,110	11,752,116	7,286,347	16,825,477
Yearly adjust.	------	*42,000	37,639	*44,865	29,159	*12,827
Total	------	20,417,000	15,013,749	11,707,251	7,315,506	16,812,650

*Decrease.

Note—The monthly shipments as currently reported during the year 1942, are subject to adjustments reflecting annual tonnage reconciliations. These will be comprehended in the cumulative yearly shipments as stated in the annual report.

Will Speed Products For Civilian Needs

A message indicating that the "Government will do everything that it can to see that the products available for civilian needs are allocated in an orderly and equitable fashion," came from President Roosevelt to the annual Boston Conference on Distribution on Oct. 5. The President's message, was read as follows at the conference:

"The problems of the distributor have increased since I greeted you last and are likely to become more arduous as times goes on. This makes it essential that those whose obligation it is to provide the mechanics by means of which the products of our farms and factories reach the consumer seek in every way possible to expedite the free flow of goods. If this is not done, there may be unnecessary dislocations which will tend to hamper the war effort. We have already had evidence of those possibilities.

"Let me assure you that the government will do everything it can to see that the products available for civilian needs are allocated in an orderly and equitable fashion.

"It will be the patriotic duty of the nation's distribution system to make certain that the orderly flow continues.

"The members of your conference will, I know, undertake this duty in the spirit in which the suggestion is made—for the national good."

Secretary of State Hull also addressed a message to the conference in which he said:

"Business in general, in both production and distribution, must put forth unprecedented energy, initiative, enterprise, ingenuity and capacity for adaptation, if the nation's war-time requirements are to be met on a scale and with a speed that will insure complete victory.

"I know that the participants of your conference are firmly resolved that neither personal gain nor personal comfort nor personal differences will be permitted to detract one iota from the supreme effort which the nation must make when its freedom and everything that free men hold most dear are gravely menaced by powerful, ruthless and unscrupulous foes."

War Production Loans

The Board of Governors of the Federal Reserve System announced on Oct. 5, "that in the six months since the issuance of the President's Executive Order 9112 authorizing the Army and Navy and the Maritime Commission to guarantee loans for war production purposes, 1,525 loans, aggregating $974,430,000, have been authorized through the Federal Reserve Banks, acting under Regulation V of the Board of Governors, as agents for the three services." The Board's announcement added:

"Of the total number of loans authorized, 29% were for amounts up to $25,000, and 60% for amounts up to $100,000. These loans are made through regular banking channels under the guarantees provided by the armed services and the Maritime Commission."

Moody's Daily Commodity Index

Tuesday, Oct. 6	234.6
Wednesday, Oct. 7	234.6
Thursday, Oct. 8	235.9
Friday, Oct. 9	235.2
Saturday, Oct. 10	234.9
Monday, Oct. 12	*
Tuesday, Oct. 13	233.3
Two weeks ago, Sept. 29	235.0
Month ago, Sept. 12	231.3
Year ago, Oct. 11	211.0
1941 High, Sept. 9	219.9
Low, Feb. 17	171.6
1942 High, Oct. 3	236.4
Low, Jan. 2	220.0

*Holiday.

Selected Income And Balance Sheet Items Class I Railways For July

The Bureau of Statistics of the Interstate Commerce Commission has issued a statement showing the aggregate totals of selected income and balance sheet items for class I steam railways in the United States for the month of July and the seven months ending with July, 1942 and 1941.

These figures are subject to revision and were compiled from 132 reports representing 136 steam railways. The present statement excludes returns for Class A switching and terminal companies. The report is as follows:

	All Class I Railways			
	For the Month of July		For the Seven Months of	
Income Items—	1942	1941	1942	1941
Net ry. operat. income	$133,001,367	$106,381,899	$681,512,253	$540,203,907
Other income	14,168,416	14,729,425	88,214,415	86,712,200
Total income	147,169,783	121,111,324	769,726,668	626,916,107
Miscellaneous deductions from income	2,112,988	2,335,475	17,528,920	16,327,032
Income available for fixed charges	145,056,795	118,775,849	752,197,748	610,589,075
Fixed charges:				
Rent for leased roads and equipment	16,300,644	14,219,918	100,793,931	91,772,653
*Interest deductions	36,776,738	38,802,761	258,906,284	269,868,255
Other deductions	117,426	118,214	823,075	830,877
Total fixed charges	53,194,808	53,140,893	360,523,290	362,471,785
Inc. after fixed charges	91,861,987	65,634,956	391,674,458	248,117,290
Contingent charges	2,230,126	1,547,287	15,717,618	10,798,002
†Net income	89,631,861	64,087,669	375,956,840	237,319,288
Depreciation (way and structures and equip.)	20,809,948	18,114,542	138,155,963	125,392,388
Amortization of defense projects	7,401,888	22,571	41,033,556	28,187
Federal income taxes	87,619,773	24,161,407	368,490,434	92,806,184
Dividend appropriations:				
On common stock	4,875,857	6,119,168	55,785,466	59,204,726
On preferred stock	780,978	764,781	14,083,875	12,071,454
¶Ratio of income to fixed charges	2.73	2.24	2.09	1.68

	All Class I Railways Balance at End of July		Class I Railways Not in Receivership or Trusteeship Balance at End of July	
Selected Asset Items—	1942	1941	1942	1941
Investments in stocks, bonds, etc., other than those of affiliated companies	$490,500,898	$558,281,940	$468,364,877	$508,135,418
Cash	$875,985,427	$763,819,262	$653,078,691	$598,816,656
Temporary cash investments	255,566,659	86,336,350	239,173,195	78,748,766
Special deposits	140,510,600	191,715,900	99,152,422	139,358,004
Loans and bills receivable	1,024,848	1,223,479	973,154	983,503
Traffic and car-service balances (Dr.)	41,319,219	35,779,443	35,071,753	32,802,762
Net balance receivable from agents and conductors	119,971,763	73,221,703	100,189,049	59,337,162
Miscellaneous accounts receivable	328,676,844	152,425,797	263,609,137	118,527,677
Materials and supplies	534,913,181	386,581,178	430,619,692	308,965,318
Interest and dividends receivable	17,029,968	13,702,797	16,020,118	12,074,777
Rents receivable	1,114,823	1,056,715	766,976	707,325
Other current assets	11,064,631	8,872,194	9,337,667	7,634,018
Total current assets	2,327,177,963	1,714,734,818	1,847,991,854	1,357,955,968
Selected Liability Items—				
‡Funded debt maturing within six months	$103,953,232	$71,038,671	$74,278,993	$50,631,763
§Loans and bills payable	$32,790,600	$71,360,276	$2,426,950	$15,496,206
Traffic and car-service balances (Cr.)	90,120,183	58,624,130	65,007,257	42,023,424
Audited accounts and wages payable	304,178,716	260,292,340	244,986,402	211,316,822
Miscellaneous accounts payable	64,624,813	52,325,673	47,037,358	40,565,393
Interest matured unpaid	35,296,892	26,814,301	28,160,634	22,802,235
Dividends matured unpaid	5,599,739	7,673,522	5,247,476	7,321,213
Unmatured interest accrued	73,782,111	72,791,772	62,194,441	60,886,496
Unmatured dividends declared	9,118,497	4,680,685	9,118,497	4,680,685
Unmatured rents accrued	18,118,873	18,601,798	16,105,667	16,735,167
Accrued tax liability	690,921,793	325,734,216	634,885,511	285,147,153
Other current liabilities	55,893,599	40,261,417	44,600,675	28,341,179
Total current liabilities	1,380,445,816	939,160,130	1,159,770,868	735,315,973
Analysis of accrued tax liability:				
U. S. Government taxes	553,673,998	190,010,789	523,988,933	176,326,789
Other than U. S. Government taxes	137,247,795	135,723,427	110,896,578	108,820,364

*Represents accruals, including the amount in default. †For railways not in receivership or trusteeship the net income was as follows: July, 1942, $70,067,915; July, 1941, $58,007,427; for the seven months ended July, 1942, $307,094,198; seven months ended July, 1941, $237,138,827. ‡Includes payments of principal of long-term debt (other than long-term debt in default) which will become due within six months after close of month of report. §Includes obligations which mature not more than two years after date of issue. ¶For railways in receivership and trusteeship the ratio was as follows: July, 1942, 2.59; July, 1941, 1.54; Seven months, 1942, 1.84; seven months, 1941, 1.06.

Cotton Ginned From Crop Of '42 Prior To Oct. 1

The Census report issued on Oct. 8, compiled from the individual returns of the ginners is shown below:

Number of bales of cotton ginned from the growth of 1942 prior to Oct. 1, 1942, and comparative statistics to the corresponding date in 1941 and 1940 (running bales, counting round as half bales and excluding linters):

State—	1942	1941	1940
United States	*5,009,180	4,713,059	3,923,172
Alabama	443,989	484,514	260,872
Arizona	13,105	35,610	29,758
Arkansas	494,153	729,326	252,486
California	2,295	5,337	72,100
Florida	12,096	12,710	14,646
Georgia	486,896	405,042	507,252
Louisiana	353,266	208,142	208,293
Mississippi	896,205	864,539	289,272
Missouri	157,530	267,295	51,776
New Mexico	7,716	2,780	12,652
North Carolina	238,269	218,964	197,140
Oklahoma	126,748	140,090	114,770
South Carolina	349,772	210,323	403,011
Tennessee	188,617	303,504	25,700
Texas	1,227,020	809,168	1,480,326
Virginia	5,585	4,672	2,020
All other states	5,918	11,043	1,089

*Includes 48,626 bales of the crop of 1942 ginned prior to Aug. 1 which was counted in the supply for the season of 1941-42, compared with 1,969 and 32,187 bales of the crops of 1941 and 1940.

The statistics in this report include no round bales for 1942; 314 for 1941 and 1,071 for 1940. Included in the above are 4,262 bales of American-Egyptian for 1942; 5,458 for 1941 and 4,036 for 1940; also 200 bales Sea-Island for 1942; 1,006 for 1941 and 1,037 for 1940.

The statistics for 1942 in this report are subject to revision when checked against the individual returns of the ginners being transmitted by mail. The revised total of cotton ginned this season prior to Sept. 16 is 2,079,823 bales.

Consumption, Stocks, Imports, and Exports—United States

Cotton consumed during the month of August, 1942, amounted to 925,089 bales. Cotton on hand in consuming establishments on Aug. 31, was 1,949,295 bales, and in public storages and at compresses 7,546,268 bales. The number of active consuming cotton spindles for the month was 22,973,572.

In the interest of national defense, the Department of Commerce has decided to discontinue until further notice the publication of statistics concerning imports and exports.

World Statistics

Because of war conditions and the difficulties in obtaining dependable world statistics such data are being omitted from this report for the time being.

National Fertilizer Association Commodity Price Average Shows Decline

The general level of wholesale commodity prices was fractionally lower last week, according to the price index compiled by The National Fertilizer Association and made public on Oct. 12. After registering four consecutive weekly advances, this index dropped to 130.1 in the week ended Oct. 10 from 130.2 in the preceding week. A month ago the index was 120.9, and a year ago 116.8, based on the 1935-1939 average as 100. Decreases in the food and farm products price indexes were responsible for the slight drop in the all-commodity index last week. Although potatoes, corn oil, and cottonseed oil advanced in price, declines in flour, rice, and chickens were sufficient to cause a drop in the food group average. In the farm product group a sharp drop in grain quotations more than offset advances in cotton and livestock. The net result was a small recession in the farm product index. The textile average was again higher last week. Other groups showing slight gains were fertilizer materials, due to higher prices for bone meal, and miscellaneous commodities, due to advancing cattle feed quotations.

During the week changes in the index were quite evenly balanced, with 11 price series advancing and 10 declining; in the preceding week there were 12 advances and 9 declines; in the second preceding week there were 16 advances and 10 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[*1935-1939=100]

% Each Group Bears to the Total Index	Group	Latest Week Oct. 10, 1942	Preceding Week Oct. 3, 1942	Month Ago Sep. 5, 1942	Year Ago Oct. 11, 1941
25.3	Foods	132.5	132.6	130.7	113.4
	Fats and Oils	142.7	141.8	141.0	127.0
	Cottonseed Oil	156.1	153.9	156.1	154.4
23.0	Farm Products	142.6	143.0	139.4	116.4
	Cotton	179.2	178.2	176.8	157.6
	Grains	115.3	119.4	114.9	105.5
	Livestock	143.5	143.3	139.0	110.8
17.3	Fuels	119.3	119.3	118.8	112.3
10.8	Miscellaneous commodities	126.7	126.3	126.9	127.2
8.2	Textiles	147.6	147.4	147.3	138.3
7.1	Metals	104.4	104.4	104.4	103.5
6.1	Building materials	151.5	151.5	151.4	131.0
1.3	Chemicals and drugs	120.7	120.7	120.7	111.9
.3	Fertilizer materials	118.0	117.9	117.9	114.4
.3	Fertilizers	115.3	115.3	115.3	107.1
.3	Farm machinery	104.1	104.1	104.1	99.7
100.0	All groups combined	130.1	130.2	129.0	116.8

*Indexes on 1926-1928 base were: Oct. 10, 1942, 101.3; Oct. 3, 101.4; Oct. 11, 1941, 91.0.

Retail Food Costs Advanced 0.4% Between Mid-Aug. & Mid-Sept., Labor Dept. Reports

Retail costs of food rose 0.4% between mid-August and mid-September, Acting Commissioner Hinrichs of the Bureau of Labor Statistics announced on Oct. 1. Price increases were reported for most important foods except fresh fruits and vegetables, which showed substantial seasonal decreases, says the announcement which states that eggs, dairy products, and meats rose in price by somewhat less than their usual August to September advance. Price increases, according to the Bureau, were also reported for cereals, fats and oils, and sugar. Of the 54 foods included in the Bureau's index, 31 showed price increases, 15 decreased, and eight were unchanged. The Bureau's index of retail food prices in large cities on Sept. 15 was 126.6% of the 1935-39 average, 14.4% above September of last year, and 4.1% above May 12, 1942, the last survey before price control was inaugurated at the retail level.

The Labor Bureau's announcement further said:

"Prices of food not under direct control by the Office of Price Administraton rose by slightly more than 0.3% over Aug. 18, and are now 10.2% higher than on May 12 and 34.6% above the 1935-39 average. This advance was much smaller than in previous months because of the substantial seasonal decline in prices of fresh fruits and vegetables. Prices of other food stuffs not under control of the Office of Price Administration continued to increase sharply. Dried prunes, the supply of which has been frozen for Government purchase, advanced 8.0%. The effect of the Office of Price Administration regulation removing ceiling restrictions on the 1942 pack of peanut butter was first felt at retail in September, the price rising 3.3% since Aug. 18. The advance of 4.5% for butter and 6.8% for eggs was seasonal. Prices for wheat flour rose for the second consecutive month, and roasting chickens rose seasonally (1.2%). Major seasonal declines for sweet potatoes (22.9%), cabbage (7.1%), apples (6.1%), and potatoes (2.2%), together with contraseasonal decreases for lettuce (15%), green beans (4.9%), and oranges (0.8%), resulted in a decrease of 3.6% in the average cost of fresh fruits and vegetables. Slight increases were reported for corn meal, fresh fish, cheese, evaporated milk, carrots, spinach, and navy beans.

"Prices of foods under Office of Price Administration control increased an average of 0.5%. Increases were reported for beef and veal (0.6%), pork (0.6%), and lamb (0.5%). Prior to price control, advances in meat prices at this season were usually much larger. Prices of canned fruits rose as the 1942 pack moved into the retail markets and ceilings were adjusted under the Office of Price Administration regulations of Aug. 5. Other controlled foods showing slight increases were rice, soda crackers, bananas, canned corn, lard and sugar. Lower prices were reported for cornflakes, canned peas and tomatoes, and shortening.

"The rise in the cost of the food budget was general throughout the country. Increases were reported for 38 cities, decreases for 10, and no change in three. Cities showing the largest increases were Portland, Oregon and San Francisco (2.5%), Mobile (1.9%), and Boston (1.6%). Local increases in prices of fruits and vegetables in these cities—in contrast to a decrease in most areas—were largely responsible for the greater-than-average increase for these particular cities. Unusually large decreases for fruits and vegetables resulted in a 1.8% decrease in the index for all foods in St. Louis and Memphis, and 0.6% drops in Milwaukee and Birmingham. Food costs in cities are well above the average of September 1941; the increases range from 9.7% in Chicago to 23.2% in Los Angeles."

Index numbers of food costs by commodity groups for Sept. 15, Aug. 18, July 14, May 12, and March 17, 1942, Sept. 15, 1941, and Aug. 15, 1939, are shown below:

INDEXES OF RETAIL COSTS OF FOOD BY COMMODITY GROUPS
(Five-Year Average 1935-39 = 100)

Commodity Group	Sept. 15 1942*	Aug. 18 1942	July 14 1942	May 12 1942	Mar. 17 1942	Sept. 16 1941	Aug. 15 1939
ALL FOODS	126.6	126.1	124.6	121.6	118.6	110.7	93.5
Cereals and bakery products	105.4	105.3	105.1	105.2	104.8	100.9	93.4
Meats	130.7	129.5	127.5	124.3	120.5	115.5	95.7
Beef and veal	126.1	125.3	123.6	124.1	119.7	116.2	99.6
Pork	124.0	123.3	122.1	123.2	117.5	114.9	88.0
Lamb	133.7	133.0	133.0	118.2	108.7	116.3	98.8
Chickens	133.7	131.8	125.7	113.4	112.2	103.1	94.6
Fish, fresh & canned	168.2	164.7	161.2	150.9	158.9	129.9	99.6
Dairy products	127.7	125.8	122.8	123.3	121.7	118.5	93.1
Eggs	155.2	†145.7	130.2	115.4	112.1	132.9	90.7
Fruits & vegetables	129.7	133.1	135.7	128.7	123.4	100.5	92.4
Fresh	130.3	†135.2	139.1	130.0	123.7	99.4	92.8
Canned	123.8	†122.8	122.4	122.7	120.8	102.5	91.6
Dried	143.4	†138.8	134.2	131.2	127.9	111.0	90.3
Beverages	123.8	123.5	122.8	124.6	119.6	109.2	94.9
Fats and oils	120.7	120.4	120.0	122.4	116.8	103.0	84.5
Sugar	127.0	126.7	126.6	127.1	128.5	111.8	95.6

*Preliminary. †Revised.

Payment On Danish Bonds

Henrik Kauffmann, Danish Minister in Washington on Oct. 7 made the following statement for the information of bondholders:

"For the purpose of paying Oct. 15, 1942 coupons of Kingdom of Denmark 34-year 4½% external loan gold bonds, due April 15, 1962, Nov. 1, 1942 coupons of City of Copenhagen 25-year 4½% gold bonds, due, May 1, 1953, and Nov. 1, 1942 coupons of Danish Consolidated Municipal Loan 30-year 5½% external sinking fund gold bonds, due Nov. 1, 1955, I propose to put the particular paying-agents in funds so far as it is estimated to be necessary to make coupon payments to holders, other than residents of Denmark, of bonds of these three issues.

"Oct. 15 and Nov. 1, 1942 coupon payments will be subject to such licenses as may be granted to paying-agents by the United States Treasury."

Market Value Of Bonds On N. Y. Stock Exchange

The New York Stock Exchange announced on Oct. 9 that as of the close of business Sept. 30, there were 1,145 bond issues aggregating $65,256,424,585 par value listed on the Stock Exchange with a total market value of $62,765,776,218. This compares with 1,143 bond issues, aggregating $65,276,941,820, with a total market value of $62,720,371,752 on Aug. 31, 1942.

In the following table listed bonds are classified by governmental and industrial groups with the aggregate market value and average price for each:

	—Sept. 30, 1942—		—Aug. 31, 1942—	
Group—	Market Value $	Average Price $	Market Value $	Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	47,273,083,825	104.94	47,357,496,542	105.13
U. S. companies:				
Amusements	35,890,591	100.69	35,825,036	100.51
Automobile	13,562,746	104.22	13,506,834	103.79
Building	17,239,320	95.73	17,088,645	94.90
Business and office equipment	15,375,000	102.50	15,262,500	101.75
Chemical	76,426,113	100.84	76,094,780	100.40
Electrical equipment	36,362,500	103.89	36,400,000	104.00
Financial	57,848,364	100.61	57,830,956	100.58
Food	233,677,876	103.34	236,202,683	103.90
Land and realty	10.108.550	73.60	9,548,835	69.52
Machinery and metals	43,991,809	99.53	43,768,676	99.02
Mining (excluding iron)	91,200,031	58.49	89,499,624	57.40
Paper and publishing	49,715,718	100.21	50,283,607	100.08
Petroleum	590,691,061	102.95	589,122,788	102.68
Railroad	6,576,473,118	64.00	6,470,470,780	62.92
Retail merchandising	11,668,133	79.01	11,798,155	79.89
Rubber	72,998,601	99.35	73,781,753	100.41
Ship building and operating	11,472,000	100.00	11,472,000	100.00
Shipping services	17,783,449	64.43	17,150,250	62.14
Steel, iron and coke	546,826,815	99.87	544,770,087	99.48
Textiles	36,256,256	99.74	36,527,213	99.95
Tobacco	146,206,888	104.84	146,286,839	104.90
Utilities:				
Gas and electric (operating)	3,336,951,321	107.06	3,332,660,704	106.86
Gas and electric (holding)	97,345,500	99.00	99.784,000	99.46
Communications	1,200,835,193	107.02	1,198,051,003	106.76
Miscellaneous utilities	88,085,269	60.04	86,955,043	59.11
U. S. companies oper. abroad	110,310,905	60.70	106.647.805	58.67
Miscellaneous businesses	31,281,765	105.32	31,600,000	103.61
Total U. S. companies	13,556,584,892	79.12	13,438,390,596	78.35
Foreign government	1,226,278,581	55.48	1,216,104,337	54.91
Foreign companies	709,828,920	82.15	708,380,277	81.97
All listed bonds	62,765,776,218	96.18	62,720,371,752	96.08

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

1940—	Market Value $	Average Price $	1941—	Market Value $	Average Price $
Aug. 31	49,238,728,732	91.33	Sept. 30	53,418,055,935	94.74
Sept. 30	49,643,200,867	92.08	Oct. 31	55,106,635,894	95.25
Oct. 31	50,438,409,964	92.84	Nov. 29	54,812,793,945	94.80
Nov. 30	50,755,887,399	93.58	Dec. 31	55,033,616,312	94.50
Dec. 31	50,831,283,315	93.84	1942—		
1941—			Jan. 31	56,261,398,371	95.24
Jan. 31	50,374,446,095	93.05	Feb. 28	57,584,410,504	95.13
Feb. 28	50,277,456,796	92.72	Mar. 31	58,140,382,211	95.97
Mar. 31	52,252,053,607	93.73	Apr. 30	57.923.553.616	95.63
Apr. 30	52,518,036,554	94.32	May 29	59,257,509,674	95.64
May 30	52.321,710,056	94.22	June 30	59,112,072,945	95.50
June 30	53,237,234,699	94.80	July 31	61,277,620,583	95.76
July 31	53,259,696,637	95.04	Aug. 31	62,720,371,752	96.08
Aug. 30	53,216,867,646	94.86	Sept. 30	62,765,776,218	96.18

Bank Debits For Month Of September

As announced on March 30, the Board of Governors of the Federal Reserve System has discontinued the issuance of its weekly "bank debits" press statement and beginning with the month of May has collected figures on a monthly basis from member and nonmember banks in the centers previously included in the weekly bank debits statement. The last weekly report was published on page 1876 of the May 4, 1942, issue of the "Chronicle."

We present below the figures for the month of September:

SUMMARY BY FEDERAL RESERVE DISTRICTS

(In millions of dollars)

			—3 Months Ended—	
Federal Reserve District—	Sept., 1942	Sept., 1941	Sept., 1942	Sept., 1941
Boston	2,781	2,346	8,335	7,174
New York	20,332	17,163	57,861	51,615
Philadelphia	2,542	2,323	7,521	7,289
Cleveland	3,838	3.306	11,229	9,849
Richmond	2,250	1,812	6,492	5,304
Atlanta	1,770	1,461	5,167	4,342
Chicago	8,308	6,749	24,024	20,198
St. Louis	1,712	1,484	4,840	4,216
Minneapolis	1,053	929	2,933	2,652
Kansas City	1,884	1,465	5,427	4,435
Dallas	1,411	1,145	4,140	3.393
San Francisco	4,823	3,683	13,992	11,057
†Total, 274 centers	52,704	43,866	151,960	131,523
*New York City	18,593	15.654	52,754	47.020
*140 other centers	29.521	24,322	85,863	73.041
†133 other centers	4,591	3,890	13,344	11,462

*Included in the national series covering 141 centers, available beginning in 1919.

†Excluding centers for which figures were not collected by the Board before May, 1942.

Daily Average Crude Oil Production For Week Ended Oct. 3, 1942 Declined 224,550 Barrels

The American Petroleum Institute estimates that the daily average crude oil production for the week ended Oct. 3, 1942 was 3,684,500 barrels, a decrease of 224,550 barrels from the preceding week, and 176,250 barrels less than the daily average for the corresponding period of 1941. The current figure also was 381,700 barrels below the daily average figure for the month of October, 1942, as recommended by the Office of Petroleum Coordinator. Daily production for the four weeks ended Oct. 3, 1942 averaged 3,857,950 barrels. Further details as reported by the Institute follow:

Reports received from refining companies owning 85.6% of the 4 800,000 barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines basis, 3,879,000 barrels of crude oil daily during the week ended Oct. 3, 1942, and that all companies had in storage at refineries, at bulk terminals, in transit and in pipe lines as of the end of that week, 80,361,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 11,581,000 barrels during the week ended Oct. 3, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

			—Actual Production—			
	*O.P.C. Recommendations October	*State Allowables Beginning Oct. 1	Week Ended Oct. 3 1942	Change From Previous Week	4 Weeks Ended Oct. 3 1942	Week Ended Oct. 4 1941
Oklahoma	417,000	417,000	†365,550	— 3,000	370,100	432,700
Kansas	294,000	¶	†282,700	— 14,200	288,300	239,700
Nebraska	3,500	------	†3,350	+ 50	3,350	6,450
Panhandle Texas			85,000	+ 50	87,650	71,500
North Texas			139,000	+ 1,050	137,600	131,000
West Texas			183,000	— 34,100	204,650	231,500
East Central Texas			81,700	— 4,750	85,000	79,700
East Texas			293,000	— 69,400	345,050	298,350
Southwest Texas			143,500	— 21,800	159,550	179,450
Coastal Texas			282,000	— 44,200	310,950	248,800
Total Texas	1,407,600	‡1,455,261	1,207,200	—173,150	1,330,450	1,240,300
North Louisiana			98,700	+ 200	98,600	80,350
Coastal Louisiana			227,000	— 4,550	234,800	253,200
Total Louisiana	337,200	349,200	325,700	— 4,350	333,400	333,550
Arkansas	79,500	73,461	73,750	+ 750	73,150	74,350
Mississippi	50,000		†71,100	— 2,300	72,850	60,750
Illinois	280,000		266,950	+ 4,600	264,650	438,250
Indiana	19,000		†17,300	+ 550	17,050	20,150
Eastern (not incl. Ill. and Indiana)	107,400		98,900	+ 3,450	96,750	94,100
Michigan	65,700		62,400	— 600	63,550	54,700
Wyoming	90,800		94,150	— 800	92,650	88,800
Montana	24,400		21,600	— 100	21,650	20,550
Colorado	7,000		6,850	+ 250	6,950	4,900
New Mexico	101,100	101,100	96,500	— 1,400	97,450	114,500
Total East of Calif.	3,284,200		2,994,000	—190,250	3,132,300	3,223,750
California	782,000	§782,000	690,500	— 34,300	725,650	637,000
Total United States	4,066,200		3,684,500	—224,550	3,857,950	3,860,750

*O.P.C. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in July, 1942, as follows: Oklahoma, 28,300; Kansas, 4,300; Texas, 98,900; Louisiana, 19,000; Arkansas, 2,900; Illinois, 8,900; Eastern (not incl. Ill. & Ind.), 7,800; Michigan, 200; Wyoming, 2,200; Montana, 200; New Mexico, 5,800; California, 41,000.

†Oklahoma, Kansas, Nebraska, Mississippi, Indiana figures are for week ended 7 a.m., Sept. 30.

‡This is the net basic allowable as of Oct. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 4 to 16 days, the entire state was ordered shut down for 9 days, namely, Oct. 3, 4, 10, 11, 17, 18, 24, 25 and 31.

§Recommendation of Conservation Committee of California Oil Producers.

¶Figure not yet released at time of publication.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED OCT. 3, 1942

(Figures in Thousands of barrels of 42 Gallons Each)

					Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis			
District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,440	88.2	1,815	74.4	5,256	38,810	23,958	18,555
Appalachian	176	84.8	152	86.4	442	2,835	703	552
Ind., Ill., Ky.	804	83.3	748	93.0	2,532	14,249	6,088	3,493
Okla., Kansas, Mo.	416	80.1	355	85.3	1,226	6,300	1,932	1,326
Rocky Mountain	147	48.0	103	70.1	310	1,713	452	552
California	817	89.9	706	86.4	1,815	16,454	12,617	54,558
Tot. U. S. B. of M. basis Oct. 3, 1942	4,800	85.6	3,879	80.8	11,581	†80,361	45,750	79,036
Tot. U. S. B. of M. basis Sept. 26, 1942	4,800	85.6	3,802	79.4	10.954	80,550	§45,945	78,943
U. S. Bur. of Mines basis Oct. 4, 1941			4,052		13,594	79,923	51,420	94,978

*At the request of the Office of Petroleum Coordinator.

†Finished 71,502,000 bbls.; unfinished 8,859,000 bbls. ‡At refineries at bulk terminals, in transit, and in pipe lines. §On new basis in combined area, due to transfer of 686,000 bbls. from unfinished oils to gas, oil and distillate fuel oil.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

				Percent of Activity	
Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Current	Cumulative
1942—Week Ended—					
June 6	110,226	120,374	283,390	69	95
June 13	115,300	125,016	274,512	72	94
June 20	98,766	117,924	248,594	69	93
June 27	104,178	120.359	231,368	72	92
July 4	94,257	100,337	223,809	59	91
July 11	92,481	77,996	236,536	52	90
July 18	103,559	114,917	226,341	71	90
July 25	112,513	120,982	219,700	74	89
Aug. 1	119,023	125,653	213,443	76	89
Aug. 8	114,969	121,035	208,769	75	88
Aug. 15	120,262	122,735	208,206	73	88
Aug. 22	124,763	119,299	213,890	74	87
Aug. 29	122,236	124,440	212,953	77	87
Sept. 5	129,486	124,580	218,539	78	87
Sept. 12	106,933	101,891	222,636	65	86
Sept. 19	138,477	132,212	228,355	81	86
Sept. 26	129,503	131,173	224,926	78	86
Oct. 3	144,506	133,513	236,208	80	86

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

NYSE Short Interest Higher On Sept. 30

The New York Stock Exchange announced on Oct. 9 that the short interest existing as of the close of business on the Sept. 30 settlement date, as compiled from information obtained by the Exchange from its members and member firms, was 548,365 shares, compared with 532,867 shares on Aug. 31, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the Sept. 30 settlement date, the total short interest in all odd-lot dealers' accounts was 30,972 shares, compared with 31,579 shares, on Aug. 31.

The Exchange's announcement added:

"Of the 1,243 individual stock issues listed on the Exchange on Sept. 30, there were 25 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than 2,000 shares occurred during the month.

"The number of issues in which a short interest was reported as of Sept. 30, exclusive of odd-lot dealers' short position, was 409 compared with 399 on Aug. 31."

In the following tabulation is shown the short interest existing at the close of the last business day for each month for the last two years:

1940—	
Oct. 31	530,442
Nov. 29	515,548
Dec. 31	459,129
1941—	
Jan. 31	498,427
Feb. 28	487,151
Mar. 31	537,613
Apr. 30	510,969
May 29	496,892
June 30	478,859
July 31	487,169
Aug. 29	470,002
Sept. 30	486,912
Oct. 31	444,745
Nov. 28	453,244
Dec. 31	349,154
1942—	
Jan. 31	460,577
Feb. 27	489,223
Mar. 31	513,546
Apr. 30	530,636
May 29	534,396
June 30	514,158
July 31	*517,422
Aug. 31	532,867
Sept. 30	548,365

*Revised.

Sept. Living Cost Up 0.5%

The cost of living for wage earners and lower-salaried clerical workers in the United States rose 0.5% from August to September, according to the National Industrial Conference Board, New York.

Food costs continued their rising trend with an increase of 1.7% during the month. Clothing went up 0.2% due mainly to a 0.4% rise in women's clothes and a slight increase of 0.1% in men's wear. An advance in coal prices caused a rise of 0.1% in fuel and light costs. Sundries declined 0.3% while housing remained at the level of the previous month.

The Board's index of the cost of living (1923=100) stood at 98.6 for September as compared with 98.1 in August, 97.8 in July, 97.3 in both May and June, 96.1 in March, 90.8 in September, 1941, and 86.0 in January, 1941.

The level of living costs was 8.6% higher than that of a year ago. Food and clothing costs showed the greatest advance over September, 1941, both increasing 15.0%. Other advances during the the twelve months were: sundries, 4.9%, housing, 2.1%, and fuel and light, 1.2%.

The purchasing value of the dollar declined 0.5% from August to September. During the year it dropped 7.9%.

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Oct. 3 is estimated a 11,335,000 net tons, a slight decrease from the total of 11,385,000 tons in the preceding week. Output in the corresponding week of 1941 amounted to 11,558,000 tons. Total production of soft coal to date shows an increase of 15.9% over the same period last year.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Oct. 3 was estimated at 1,228,000 tons, a decrease of 48,000 tons (3.8%) from the preceding week. When compared with the output in the corresponding week of 1941, however, there was an increase of 140,000 or 12.9%. The calendar year to date shows a gain of 6.3% when compared with the corresponding period of last year.

The U. S. Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended Oct. 3 showed an increase of 300 tons when compared with the output for the week ended Sept. 26. The quantity of coke from beehive ovens increased 5,500 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM (000 OMITTED)

	Week Ended			January 1 to Date		
Bituminous and lignite coal—	Oct. 3, 1942	†Sept. 26, 1942	Oct. 4, 1941	Oct. 3, 1942	Oct. 4, 1941	Oct. 2, 1937
Total, incl. mine fuel	11,335	11,385	11,558	433,573	374,184	332,817
Daily average	1,889	1,898	1,926	1,872	1,621	1,183
*Crude petroleum— Coal equivalent of weekly output	5,902	6,262	6,184	244,104	238,124	219,285

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook, Review of 1940, page 775). †Revised.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	§Oct. 3, 1942	Sept. 26, 1942	Oct. 4, 1941	Oct. 3, 1942	Oct. 4, 1941	Oct. 5, 1929
*Total incl. colliery fuel	1,228,000	1,276,000	1,088,000	45,953,000	43,217,000	54,116,000
†Commercial production	1,167,000	1,212,000	1,034,000	43,655,000	41,056,000	50,220,000
Beehive coke—						
United States total	165,900	160,400	136,900	5,993,300	4,901,500	5,247,600
By-product coke—						
United States total	1,205,900	1,205,600	‡	46,702,200	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
[In Thousands of Net Tons)]

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					Sept. avge. ¶1923
State—	Sept. 26, 1942	Sept. 19, 1942	Sept. 27, 1941	Sept. 28, 1940	Sept. 25, 1937	
Alaska	5	5	4	4	3	**
Alabama	364	375	352	313	258	406
Arkansas and Oklahoma	89	102	93	101	78	96
Colorado	168	168	164	152	142	214
Georgia and North Carolina	1	1	1	1	††	**
Illinois	1,300	1,250	1,055	1,133	1,122	1,587
Indiana	480	502	480	442	390	550
Iowa	43	46	65	85	80	117
Kansas and Missouri	170	174	148	159	134	168
Kentucky—Eastern	967	964	988	902	882	713
Kentucky—Western	266	278	208	217	172	248
Maryland	34	34	36	28	33	40
Michigan	9	7	8	8	15	27
Montana (bituminous and lignite)	90	85	71	54	60	68
New Mexico	37	36	21	24	33	56
North and South Dakota (lignite)	55	42	55	43	55	**27
Ohio	668	701	717	506	546	861
Pennsylvania (bituminous)	2,600	2,735	2,811	2,576	2,324	3,585
Tennessee	141	143	148	116	114	119
Texas (bituminous and lignite)	9	9	6	9	20	26
Utah	115	115	110	107	79	103
Virginia	400	383	409	361	317	245
Washington	39	33	44	37	34	58
*West Virginia—Southern	2,258	2,196	2,351	2,161	1,997	1,474
†West Virginia—Northern	897	907	881	700	605	857
Wyoming	180	179	160	134	127	165
‡Other Western States	††	††	††	††	††	**4
Total bituminous and lignite	11,385	11,470	11,386	10,373	9,620	11,814
§Pennsylvania anthracite	1,276	1,257	1,194	952	924	714
Total all coal	12,661	12,727	12,580	11,325	10,544	12,528

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

Consumer Instalment Cash Lending Down In Aug.

The Board of Governors of the Federal Reserve System announced on Oct. 3 that total receivables of industrial banks, personal finance companies, and credit unions declined during August at a more rapid rate than in the past several months. Loan balances of these agencies decreased $30,000,000 in the current month bringing outstandings at the end of August to $871,400,000. This represents a reduction of 3.3% in receivables in contrast to declines of 2.7% and 2.4% in July and June, respectively. Combined outstandings of these credit agencies at the end of August were 18% below the level of a year ago. The Board's announcement further says:

"Loans aggregating $109,700,000 (including renewals) were made by these three types of cash lending institutions during August. This loan volume represents a decrease of 4% over the preceding month and is 32% below total advances in August, 1941. August repayments on consumer instalment loans were about the same as in July, amounting to $139,700,000, and were 9.5% below total collections the same month a year ago.

"These national estimates of consumer loans made and outstanding were compiled by the Board of Governors of the Federal Reserve System from statistics reported by the various respondents to the Federal Reserve Banks. These data were formerly collected by the Bureau of Foreign and Domestic Commerce, which also made the national estimates. The figures now released by the Board are comparable with those formerly published by the Bureau of Foreign and Domestic Commerce. Because of the responsibility of the Board of Governors for the regulation of consumer credit, the collection of these statistics was transferred to the Federal Reserve System, effective as of the first of September. The purposes of this change are to secure more comprehensive consumer credit statistics by making use of information already available within the Reserve System, to eliminate duplication in reporting, and to reduce the burden of respondents.

INSTALMENT LOANS TO CONSUMERS—AUGUST 1942
Estimated Totals for United States

	Amounts in millions of dollars		Percentage changes from—		
	Aug. 1942	July 1942	July '42 to Aug. '42	Aug. '41 to Aug. '42	Jan.-Aug. '41 to Jan.-Aug. '42
Volume of loans made:					
Personal finance companies	60.3	62.9	— 4.1	—30.0	—17.7
Industrial banking companies	33.4	*33.7	— 0.9	—27.5	—25.7
Credit unions—total	16.0	17.9	—10.6	—45.9	—38.0
State-chartered	10.7	11.8	— 9.3	—45.1	—37.2
Federal-chartered	5.3	6.1	—13.1	—47.5	—39.5
Repayments:					
Personal finance companies	75.8	75.0	+ 1.1	— 6.8	— 3.0
Industrial banking companies	41.3	*41.0	+ 0.7	—10.4	— 7.2
Credit unions—total	22.6	23.6	— 4.2	—16.3	— 4.3
State-chartered	15.5	15.6	— 3.2	—15.2	— 4.8
Federal-chartered	7.5	8.0	— 6.3	—18.5	— 3.3
Outstanding at end of month:					
Personal finance companies	465.5	481.0	— 3.2	—13.2	----
Industrial banking companies	245.5	*253.4	— 3.1	—20.6	----
Credit unions—total	160.4	167.0	— 4.0	—27.9	----
State-chartered	114.7	119.1	— 3.7	—26.6	----
Federal-chartered	45.7	47.9	— 4.6	—31.0	----

*Revised.

Non-Ferrous Metals—WPB To Curb Gold Mining To Release Labor For Vital Metal Operations

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Oct. 8, stated: "Though a decision has not yet been rendered in connection with the wage increase recommended by the mediation panel of the War Labor Board, producers of copper, lead, and zinc believe that action will come soon because of the urgency of the problem. The anti-inflation measure signed by President Roosevelt on Oct. 2 probably caused some delay in the proceedings. The War Production Board has decided to restrict gold mining to make miners and material available to producers of strategic non-ferrous metals. The industry does not believe that the copper picture is as "black" as it was painted last week by the head of the Copper Branch." The publication further went on to say in part:

Copper

Every pound of copper available is going into direct military orders, shipments to our allies, or into essential industrial uses bearing preference ratings of A-1-a or higher, H. O. King, chief of the Copper Branch, WPB, declared in a press release dated Oct. 4.

Mr. King stated that current copper supply, in excess of 200,000 tons per month, is the largest in the country's history. He estimated total United States copper supply for 1942 at 2,571,700 tons (including domestic production, imports, and scrap), which compares with 2,467,100 tons in 1941, 1,913,800 tons in 1940, and 1,525,500 tons in 1939. Estimated essential requirements for 1942, according to Mr. King, are over 8% in excess of maximum present visible supply; estimated total requirements for 1942 are some 25% in excess of maximum present visible supply.

"Production is being increased by intensified effort in present mines," he said, "and by bringing into productioin the sub-marginal mines whose operation in peacetime had not been economic. The large producers (15 mines produce 98½% of our copper; 270 mines the rest) are working their properties as hard as the labor shortage will allow. Some mines are working 168 hours a week."

Business transacted during the last week in copper, both domestic and foreign, was closed at unchanged prices.

Lead

Sales of common lead booked during the last week would have been larger, the trade believes, if PRP certificates had come through in time for consumers to move more freely in reference to covering their November needs.

Quotations for lead continued on the basis of 6.50¢, New York, and 6.35¢, St. Louis.

Zinc

The common grades of zinc are not being allocated at present to cover the current rate of production, with the result that the metal is being stored, possibly for future conversion into High Grade. The market situation continues unchanged, the price holding on the basis of 8¼¢, St. Louis, for Prime Western.

Use of zinc in the manufacture of closures for glass containers is banned after Oct. 10. The action is contained in Amendment No. 1 to Conservation Order M-11-b, issued by the Director General for Operations, WPB.

Tin

Some light on how the tin situation is being handled by the Combined Raw Materials Board was contained in a statement issued for publication during the last week by the Office of War Information. As a result of the Board's recommendations, the tin smelter in Texas will be able to produce at the rate of 52,000 tons annually by the end of this year. Most of the tin produced in the Belgian Congo has been allocated for use in the United States. Equipment has been shipped to the Congo for expanding smelter output. The United States gets ore from Bolivia, Mexico, the French Cameroons, and Alaska. Tin ore from Nigeria, South Africa, and other areas has been allocated to Great Britain. The United Kingdom is allocating tin in Russia.

Patino reported to stockholders that the company is obtaining the equivalent of 60¢ a pound Chilean ports for tin contained in its production of concentrate, which contrasts with 45¢ c.i.f. Liverpool, the value that was placed on inventory on June 30, 1941. All of Patino's production is under contract with the British.

The price situation in this country remains unchanged. Straits quality tin for shipment was nominally as follows:

	Oct.	Nov.	Dec.
Oct. 1	52.000	52.000	52.000
Oct. 2	52.000	52.000	52.000
Oct. 3	52.000	52.000	52.000
Oct. 5	52.000	52.000	52.000
Oct. 6	52.000	52.000	52.000
Oct. 7	52.000	52.000	52.000

Chinese tin, 99% spot, 51.125¢ all week.

Quicksilver

Business in quicksilver was in sufficient volume further to strengthen the price structure, and the minimum quotation for the New York market during the last week was $195 per flask for prompt and nearby metal. The labor situation at some mines in the Pacific Coast area threatens to restrict output, it is claimed, despite the high prices obtaining for the metal.

According to a summary of mining operations in Chile in the August issue of "Engineering and Mining Journal," the country expects to produce 3,000 flasks of quicksilver during 1942.

Silver

The silver market in London has been steady, with the price unchanged at 23½d. The New York Official and the Treasury's price are also unchanged at 44¾¢ and 35¢, respectively. Newly mined domestic metal continues on the basis of 71.11¢.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Record Canadian Grain Crop Is Forecast

In its Sept. 23 "Business Summary," the Bank of Montreal reports the following as the outstanding developments of the past month: "The growing assurance, as harvesting proceeds, of a record grain crop in the Prairie Provinces, with generally abundant crops elsewhere; an enlargement and a tightening of the controls exercised over every form of business enterprise; drastic measures for the regulation and allocation of the manpower resources of Canada; and the announcement that a Victory Loan establishing a new high level in Government issues will shortly be launched."

Regarding crop conditions, the bank says:

"The Dominion Bureau of Statistics' preliminary estimate of the wheat crop forecasts an all-time record yield of 615,243,000 bushels, which is almost double the yield of 311,825,000 bushels produced in 1941, and exceeds by 48,517,000 bushels the previous record crop of 566,726,000 bushels harvested in 1928. Of the total yield, that of spring wheat in the Prairie Provinces is put at 587,000,000 bushels, divided as follows: Manitoba, 52,000,000 bushels; Saskatchewan, 350,000,000 bushels; Alberta, 185,000,000 bushels. The 1942 average yield per acre for the three provinces is placed at 28.4 bushels, as compared with the previous high record of 26 bushels for 1915. Almost equally abundant are the yields of coarse grains which will assure record supplies of feed for livestock. The yield for Canada of oats is estimated at 660,716,000 bushels, as compared with 305,575,000 in 1941; of barley, 272,910,000 bushels, as compared with 110,566,000; and of rye, 26,494,000 bushels, as compared with 11,659,000 bushels. There is also forecast a record production of flaxseed of 16,981,000 bushels, as compared with 6,566,000 bushels in 1941. The production of hay and clover is estimated at 15,498,000 tons, as compared with 12,632,000 tons in 1941. The potato crop in the Central and Prairie Provinces is better than in 1941 and in the other sections about the same yield as in 1941 is expected, while the prospects of the sugar-beet crop are better in Manitoba and Alberta, but lower in Ontario than in 1941."

Trading On New York Exchanges

The Securities and Exchange Commission made public on Oct. 9 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Sept. 26, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Sept. 26 (in round-lot transactions) totaled 1,130,093 shares, which amount was 16.26% of total transactions on the Exchange of 3,475,130 shares. This compares with member trading during the previous week ended Sept. 19 of 676,562 shares, or 15.35% of total trading of 2,203,240 shares. On the New York Curb Exchange, member trading during the week ended Sept. 26 amounted to 124,050 shares, or 14.48% of the total volume of that Exchange of 428,440 shares; during the preceding week trading for the account of Curb members of 100,070 shares was 13.47% of total trading of 371,545 shares.

The Commission made available the following data for the week ended Sept. 26:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	963	694
1. Reports showing transactions as specialists	178	86
2. Reports showing other transactions initiated on the floor	162	16
3. Reports showing other transactions initiated off the floor	200	47
4. Reports showing no transactions	518	561

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED SEPT. 26, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	69,620	
‡Other sales	3,405,510	
Total sales	3,475,130	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	272,690	
Short sales	37,260	
‡Other sales	253,160	
Total sales	290,420	8.10
2. Other transactions initiated on the floor—		
Total purchases	171,650	
Short sales	16,300	
‡Other sales	145,790	
Total sales	162,090	4.80
3. Other transactions initiated off the floor—		
Total purchases	126,031	
Short sales	7,620	
‡Other sales	99,592	
Total sales	107,212	3.36
4. Total—		
Total purchases	570,371	
Short sales	61,180	
‡Other sales	498,542	
Total sales	559,722	16.26

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED SEPT. 26, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	4,165	
‡Other sales	424,275	
Total sales	428,440	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	44,690	
Short sales	3,340	
‡Other sales	39,270	
Total sales	42,610	10.19
2. Other transactions initiated on the floor—		
Total purchases	3,695	
Short sales	0	
‡Other sales	5,660	
Total sales	5,660	1.09
3. Other transactions initiated off the floor—		
Total purchases	13,870	
Short sales	600	
‡Other sales	12,925	
Total sales	13,525	3.20
4. Total—		
Total purchases	62,255	
Short sales	3,940	
‡Other sales	57,855	
Total sales	61,795	14.48
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	26,654	
Total purchases	26,654	
Total sales	14,129	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Wholesale Commodity Prices Advanced 0.3% In October 3 Week, Labor Bureau Reports

The Department of Labor announced on Oct. 8 that prices of agricultural commodities increased slightly in wholesale markets in the week ended Oct. 3, just before the new anti-inflation biil became effective, and the Bureau of Labor Statistics' comprehensive index of prices of commodities in primary markets again moved up 0.3%. Further sharp gains in prices for livestock, fresh fruits, vegetables, and eggs, largely accounted for this advance, as industrial prices continued steady.

Immediately after the extension of price controls to a number of basic foodstuffs on Oct. 3, the markets for grains and hogs weakened slightly but by Oct. 7 prices in primary agricultural markets were only slightly below their recent peaks.

The Labor Department announced the following details:

"Farm Products and Foods—Average prices for farm products in primary markets rose 1.3% during the week ended Oct. 3 to the highest level since the Autumn of 1928. Increases of 3.4% for fruits and vegetables and 1.7% for livestock were largely responsible for this advance. Quotations for hogs were up nearly 4% and cows about 2½%, although steers and poultry were down. Cotton advanced slightly. Prices for oranges and apples rose sharply, and eggs were up nearly 2% during the week. Lower prices were reported for corn, barley, and rye, while oats and wheat were higher.

"Prices for foods in primary markets advanced 1%. In addition to the marked increases in prices for oranges and potatoes, butter and cheese rose sharply and higher prices were also reported for cured pork, fresh beef (New York), for flour, and for olive oil.

"In the past year farm products have advanced over 20% and foods nearly 15% in primary markets.

"Average prices for cattle feed dropped 1.4%.

"Industrial Commodities—Except for lower prices for cotton twine, certain types of lumber, boxboard, and neutral oil from the Pennsylvania fields, and higher prices for raw jute, industrial commodity markets remained relatively steady."

The Bureau makes the following notation:

"During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and omre complete reports."

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for Sept. 5, 1942 and Oct. 4, 1941 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

Commodity groups	10-3 1942	9-26 1942	9-19 1942	9-5 1942	10-4 1941	Percentage changes to Oct. 3, 1942 from— 9-26 1942	9-5 1942	10-4 1941
All commodities	*99.7	*99.4	*99.3	*99.1	91.6	+0.3	+0.6	+ 8.8
Farm products	108.7	107.3	107.1	106.7	90.3	+1.3	+1.9	+20.4
Foods	103.0	102.0	102.0	101.4	89.7	+1.0	+1.6	+14.8
Hides and leather products	118.4	118.4	118.6	119.0	112.4	0	—0.5	+ 5.3
Textile products	96.6	96.7	96.6	96.7	89.9	—0.1	—0.1	+ 7.5
Fuel and lighting materials	79.7	79.6	79.6	79.6	80.1	+0.1	+0.1	— 0.5
Metals and metal products	*103.9	*103.9	*103.9	*103.9	98.7	0	0	+ 5.3
Building materials	110.5	110.5	110.4	110.3	106.6	0	+0.2	+ 3.7
Chemicals and allied products	96.2	96.2	96.2	96.2	89.7	0	0	+ 7.2
Housefurnishing goods	104.1	104.1	104.1	104.1	98.5	0	0	+ 5.7
Miscellaneous commodities	88.4	88.6	88.6	88.6	85.0	—0.2	—0.2	+ 4.0
Raw materials	102.4	101.5	101.5	101.2	89.5	+0.9	+1.2	+14.4
Semimanufactured articles	92.8	92.8	92.8	92.7	90.5	0	+0.1	+ 2.5
Manufactured products	*99.6	*99.5	*99.4	*99.2	93.1	+0.1	+0.4	+ 7.0
All commodities other than farm products	*97.8	*97.7	*97.6	*97.5	91.9	+0.1	+0.3	+ 6.4
All commodities other than farm products and foods	*95.7	*95.7	*95.7	*95.7	92.1	0	0	+ 3.9

*Preliminary.

Engineering Construction Gains 78% As Federal Volume Triples 1941 Week

Engineering construction volume for the week totals $139,855,000, an increase of 78% over the corresponding week last year, but 31% lower than a week ago as reported by "Engineering News-Record" on Oct. 8. Federal work more than triples that for the 1941 week and is responsible for the 98% gain in public construction. Private work, however, is 19% below a year ago. Public work falls 34% below a week ago, as a result of the 35% decline in Federal construction, but the private volume is up 21%, compared with the preceding week's total. The report continued as follows:

The current week's construction brings 1942 volume to $7,975,782,000, an increase of 58.5% over the $5,034,245,000 reported for the 41-week period last year. Private work, $494,906,000, is 50% lower than in the period last year, but public construction, $7,480,876,000, is 85% higher as the Federal volume climbs 133%.

Construction volumes for the 1941 week, last week, and the current week are:

	Oct. 9, 1941	Oct. 1, 1942	Oct. 8, 1942
Total Construction	$78,661,000	$203,321,000	$139,855,000
Private Construction	13,606,000	9,107,000	11,059,000
Public Construction	65,055,000	194,214,000	128,796,000
State and Municipal	28,602,000	10,382,000	8,745,000
Federal	36,453,000	183,832,000	120,051,000

In the classified construction groups gains over the preceding week are in waterworks, industrial and commercial buildings, and earthwork and drainage. Comparisons with the 1941 week reveal increases in waterworks, commercial and public buildings, and streets and roads. Subtotals for the week in each class of work are: waterworks, $5,904,000; sewerage, $1,641,000; bridges, $272,000; industrial buildings, $2,817,000; commercial building and large-scale private housing, $6,881,000; public buildings, $88,471,000; earthwork and drainage, $3,617,000; streets and roads, $10,454,000; and unclassified construction, $19,798,000.

New capital for construction purposes for the week totals $510,000. This volume, entirely State and municipal bond sales, is 61% lower than in the corresponding week last year.

New financing for the year to date, $9,533,078,000, is 62% above the $5,892,332,000 reported for the 41-week period in 1941.

Lumber Movement—Week Ended Oct. 3, 1942

Lumber production during the week ended Oct. 3, 1942, was 3% less than the previous week, shipments were 2% greater, new business 14% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 8% above production; new orders 23% above production. Compared with the corresponding week of 1941, production was 7% less, shipments 7% less, and new business 11% greater. The industry stood at 127% of the average of production in the corresponding week of 1935-39 and 140% of average 1935-39 shipments in the same week.

Year-to-date Comparisons

Reported production for the first 39 weeks of 1942 was 4% below corresponding weeks of 1941; shipments were 3% above the shipments, and new orders 7% above the orders of the 1941 period. For the 39 weeks of 1942, new business was 20% above production, and shipments were 13% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 72% on Oct. 3, 1942, compared with 37% a year ago. Unfilled orders were 40% greater than a year ago; gross stocks were 28% less.

Softwoods and Hardwoods

Record for the current week ended Oct. 3, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

SOFTWOODS AND HARDWOODS

	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	440	440	455
Production	256,558	276,187	265,122
Shipments	277,295	297,538	271,936
Orders	314,341	283,224	276,380

	Softwoods 1942 Week	Hardwoods 1942 Week
Mills	359	95
Production	247,212—100%	9,346—100%
Shipments	262,554—106	14,741—158
Orders	298,136—121	16,205—173

Bartholomew On Banking Board

Governor Herbert H. Lehman announced on Oct. 1 the appointment of Arthur P. Bartholomew of Rochester to the Banking Board of the State of New York. The appointment of a new member to the board is made in accordance with the change in the Banking Law made at the last session of the Legislature, whereby a man with savings and loan experience was to be added to the Banking Board.

The following regarding the new member is from an announcement issued by the State League of Savings and Loan Associations:

"Mr. Bartholomew has had a long and successful career in the savings and loan business. In January, 1921, he was instrumental in organizing the Eastman Savings and Loan Association of Rochester, a part of the Eastman Kodak Co. As Secretary-Treasurer and Managing Director, he has guided the destinies of the association until today its assets are well over $9,000,000. Mr. Bartholomew is prominent in local financial and civic circles, having served as President of the Monroe County League of Savings and Loan Associations and as President of Group Two of the New York State League of Savings and Loan Associations. He is also a member of the board of directors of the Savings and Loan Bank of the State of New York. He is a member of the Executive Committee of the Citizens' Tax League, and Vice-Chairman of the Fair Rent Committee in Rochester, and is a member of the Chamber of Commerce and the Rochester City Club."

Revenue Freight Car Loadings During Week Ended Oct. 3, 1942 Totaled 907,607 Cars

Loading of revenue freight for the week ended Oct. 3, totaled 907,607 cars, the Association of American Railroads announced on Oct. 8. This was a decrease below the corresponding week in 1941, of 10,289 cars or 1.1%, but an increase above the same week in 1940, of 101,603 cars or 12.6%.

Loading of revenue freight for the week of Oct. 3 increased 9,893 cars or 1.1% above the preceding week.

Miscellaneous freight loading totaled 432,014 cars, an increase of 6,257 cars above the preceding week, and an increase of 35,165 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 91,842 cars, an increase of 1,977 cars above the preceding week, but a decrease of 69,474 cars below the corresponding week in 1941.

Coal loading amounted to 169,075 cars, a decrease of 2,653 cars below the preceding week, and a decrease of 1,339 cars below the corresponding week in 1941.

Grain and grain products loading totaled 50,557 cars, an increase of 2,609 cars above the preceding week, and an increase of 10,217 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Oct. 3 totaled 35,163 cars, an increase of 1,829 cars above the preceding week, and an increase of 8,794 cars above the corresponding week in 1941.

Livestock loading amounted to 21,453 cars, an increase of 1,252 cars above the preceding week, and an increase of 2,579 cars above the corresponding week in 1941. In the Western Districts alone, loading of livestock for the week of Oct. 3, totaled 17,429 cars, an increase of 1,414 cars above the preceding week, and an increase of 1,961 cars above the corresponding week in 1941.

Forest products loading totaled 49,537 cars, a decrease of 525 cars below the preceding week, but an increase of 3,097 cars above the corresponding week in 1941.

Ore loading amounted to 78,857 cars, an increase of 723 cars above the preceding week, and an increase of 8,743 cars above the corresponding week in 1941.

Coke loading amounted to 14,272 cars, an increase of 253 cars above the preceding week, and an increase of 723 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding week in 1941, except the Eastern, Allegheny, Pocohontas, and Southern and all districts reported increases compared with the corresponding week of 1940.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	2,465,685
Four weeks of March	3,171,439	3,066,011	2,489,280
Four weeks of April	3,351,038	2,793,630	2,495,212
Five weeks of May	4,170,713	4,160,060	3,351,840
Four weeks of June	3,385,769	3,510,057	2,896,953
Four weeks of July	3,321,568	3,413,435	2,822,450
Five weeks of August	4,350,948	4,463,372	3,717,933
Four weeks of September	3,503,658	3,540,210	3,135,122
Week of Oct. 3	907,607	917,896	805,004
Total	33,143,786	32,185,645	27,396,044

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Oct. 3, 1942. During this period only 57 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED OCT. 3

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	279	634	584	1,290	1,550
Bangor & Aroostock	1,148	976	770	196	356
Boston & Maine	6,428	9,283	7,881	13,758	13,704
Chicago, Indianapolis & Louisville	1,603	1,710	1,587	2,052	2,522
Central Indiana	38	24	18	49	62
Central Vermont	1,028	1,496	1,402	2,894	2,607
Delaware & Hudson	6,377	7,357	4,542	11,643	11,350
Delaware, Lackawanna & Western	7,616	9,735	8,696	10,198	9,246
Detroit & Mackinac	740	336	522	320	171
Detroit, Toledo & Ironton	1,713	2,345	2,489	1,259	1,503
Detroit & Toledo Shore Line	330	373	305	2,790	3,607
Erie	13,664	16,271	14,774	16,370	16,613
Grand Trunk Western	4,347	5,262	5,291	8,501	8,945
Lehigh & Hudson River	155	202	207	2,617	2.801
Lehigh & New England	2,395	1,386	1,793	1,916	2,022
Lehigh Valley	8.735	8,996	9,274	13,226	10,032
Maine Central	2,242	3,260	2,718	2,812	2,676
Monongahela	6,137	6,476	3,669	396	432
Montour	2.352	2,141	2,102	44	35
New York Central Lines	51,160	52,019	46,598	57,319	53,954
N. Y., N. H. & Hartford	9,548	13,101	10,984	18,977	16,471
New York, Ontario & Western	1,322	1,675	1,186	2,412	2,401
New York, Chicago & St. Louis	8,018	7,600	6,367	16,931	14,330
N. Y., Susquehanna & Western	400	535	392	2,250	1,694
Pittsburgh & Lake Erie	8,003	9,158	7,920	9,574	8,712
Pere Marquette	5,637	6,669	6,599	6,948	6,452
Pittsburg & Shawmut	779	760	680	30	42
Pittsburg, Shawmut & North	360	409	409	244	621
Pittsburgh & West Virginia	1,019	1,072	714	3,220	2,573
Rutland	434	587	655	1,021	1,311
Wabash	6,491	6,262	5,951	12,325	11,079
Wheeling & Lake Erie	5,464	5,691	4,821	4,967	4,524
Total	165,962	183,801	161,900	228,549	214.398
Allegheny District—					
Akron, Canton & Youngstown	768	737	586	1,123	1,034
Baltimore & Ohio	42,844	43.533	35,991	26,714	24,701
Bessemer & Lake Erie	6,241	6,365	6,027	2,184	2,795
Buffalo Creek & Gauley	*295	312	307	*4	5
Cambria & Indiana	1,899	1,945	1,463	5	15
Central R. R. of New Jersey	7,496	7,599	7,109	21,309	17,229
Cornwall	658	686	673	56	45
Cumberland & Pennsylvania	238	290	246	5	26
Ligonier Valley	139	122	137	42	35
Long Island	1,366	1,003	778	3,577	2,842
Penn-Reading Seashore Lines	1,907	1,964	1,539	2,579	2,142
Pennsylvania System	84,930	92,213	74,850	69,506	59,849
Reading Co.	15,141	18,032	15,632	27,333	24,212
Union (Pittsburgh)	21.579	20,239	18,857	7,295	6,960
Western Maryland	4,147	4,585	3,316	12,246	10,221
Total	189,648	199,625	167,511	173,978	152,111
Pocahontas District—					
Chesapeake & Ohio	27,979	29,975	22,933	13,703	14,154
Norfolk & Western	23,104	25,180	21,341	8,012	6,361
Virginian	4,672	4,494	3,921	2,639	1,888
Total	55,755	59,649	48,195	24,354	22,403
Southern District—					
Alabama, Tennessee & Northern	452	369	258	295	248
Atl. & W. P.—W. R. R. of Ala.	704	961	938	3,078	2,293
Atlanta, Birmingham & Coast	753	880	760	1,368	1,147
Atlantic Coast Line	10,642	10,805	9,932	11,124	7,463
Central of Georgia	4,740	4,880	4,454	5,287	4,386
Charleston & Western Carolina	426	455	473	1,445	1,600
Clinchfield	1,780	1,859	1,346	2,720	2,921
Columbus & Greenville	612	464	398	308	362
Durham & Southern	125	226	198	648	512
Florida East Coast	814	450	454	1,630	979
Gainesville Midland	45	42	31	126	102
Georgia	1,243	1,536	1,266	2,730	2,378
Georgia & Florida	351	497	308	520	632
Gulf, Mobile & Ohio	4,532	4,506	3,498	4,970	3,524
Illinois Central System	31,286	28,751	25,591	19,935	15,621
Louisville & Nashville	26,496	27,516	22,103	12,924	9,070
Macon, Dublin & Savannah	204	206	133	595	696
Mississippi Central	256	193	164	586	370
Nashville, Chattanooga & St. L.	3,737	3,742	3,281	6,054	3,707
Norfolk Southern	1,301	1,538	1,226	1,944	1,584
Piedmont Northern	313	584	443	1,133	1,625
Richmond, Fred. & Potomac	464	412	388	9,576	5,959
Seaboard Air Line	9,840	10,621	9,569	8,907	7,429
Southern System	23,864	26,358	23,772	24,601	21,282
Tennessee Central	523	480	488	972	764
Winston-Salem Southbound	123	193	180	1,110	1,087
Total	125,626	128,524	111,652	124,586	97,741
Northwestern District—					
Chicago & North Western	20,784	22,533	22,651	14,979	14,788
Chicago Great Western	2,316	2,966	3,014	4,156	3,792
Chicago, Milw., St. P. & Pac.	22,833	24,390	22,639	11,350	9,837
Chicago, St. Paul, Minn. & Omaha	4,100	4,653	4,182	4,653	4,939
Duluth, Missabe & Iron Range	27,200	23,736	20,440	331	267
Duluth, South Shore & Atlantic	1,081	1,164	934	1,119	658
Elgin, Joliet & Eastern	10,418	10,791	9,193	11,276	10,175
Ft. Dodge, Des Moines & South	506	628	662	123	137
Great Northern	28,775	26,831	25,786	5,824	4,448
Green Bay & Western	514	643	547	741	818
Lake Superior & Ishpeming	2,402	1,996	2,859	77	86
Minneapolis & St. Louis	2,377	2,130	2,601	2,810	2,430
Minn., St. Paul & S. S. M.	9,014	7,978	7,764	3,229	3,268
Northern Pacific	14,342	13,650	12,494	5,588	5,145
Spokane International	303	172	265	519	393
Spokane, Portland & Seattle	2,916	2,772	1,964	3,428	2,741
Total	149,881	147,033	137,995	70,203	63,922
Central Western District—					
Atch., Top. & Santa Fe System	25,648	22,526	22,230	13,305	9,595
Alton	3,272	3,318	3,134	4,693	3,070
Bingham & Garfield	802	628	537	119	120
Chicago, Burlington & Quincy	21,684	19,273	17,071	13,830	11,741
Chicago & Illinois Midland	2,415	2,673	2,353	1,026	1,099
Chicago, Rock Island & Pacific	13,830	13,330	13.520	13,045	11,685
Chicago & Eastern Illinois	2,994	3,032	2,754	4,968	3,280
Colorado & Southern	1,084	833	746	2,074	1,877
Denver & Rio Grande Western	5,255	4,288	4,030	6,901	5,214
Denver & Salt Lake	998	1,148	689	20	35
Fort Worth & Denver City	1,407	918	1,168	1,777	1,208
Illinois Terminal	1,685	1,963	1,784	2,249	2,225
Missouri-Illinois	1,283	1,156	928	572	518
Nevada Northern	2,154	2,032	1,570	126	118
North Western Pacific	1,241	1,342	876	634	563
Peoria & Pekin Union	8	10	7	0	0
Southern Pacific (Pacific)	34.253	33,678	28,323	11,461	8,024
Toledo, Peoria & Western	335	373	387	1,651	1,790
Union Pacific System	18,614	18,927	16,091	17,201	14,507
Utah	653	599	524	3	11
Western Pacific	2,831	2,198	1,960	4,417	4,095
Total	142,446	134,275	120,682	100,072	80,775
Southwestern District—					
Burlington-Rock Island	573	185	170	315	218
Gulf Coast Lines	4,767	3,651	2,722	2,529	2,219
International-Great Northern	3,783	2,717	1,963	2,900	2,404
Kansas, Oklahoma & Gulf	367	257	257	1,241	926
Kansas City Southern	5,115	3,117	2,133	2,553	3,152
Louisiana & Arkansas	3,970	2,759	2,042	2,391	2,296
Litchfield & Madison	292	367	370	1,207	1,305
Midland Valley	951	882	670	238	278
Missouri & Arkansas	196	219	224	371	382
Missouri-Kansas-Texas Lines	5,986	5,281	5,177	4,999	4,336
Missouri Pacific	19,856	19,196	17,075	21,980	13,583
Quanah Acme & Pacific	143	104	121	211	172
St. Louis-San Francisco	10,792	9,814	9,345	8,392	6,289
St. Louis Southwestern	3,402	3,374	3,298	7,094	3,811
Texas & New Orleans	13,107	8,230	7,831	4,492	4,517
Texas & Pacific	4,821	4,667	4,494	7,883	5,318
Wichita Falls & Southern	146	159	161	27	70
Weatherford M. W. & N. W.	22	10	16	52	42
Total	78,289	64,989	58,069	68,875	51,318

*Previous week's figure.

Note—Previous year's figures revised.

September War Output Criticized As Spotty August Production Increased 8% Over July

Donald M. Nelson, Chairman of the War Production Board, declared on Sept. 30 that munitions production in September was "spotty" and the month's record was subject to the same criticism as that of August when output was 14% behind forecasts. Mr. Nelson's formal war production report for September giving percentage figures for increases in aircraft, ordnance, naval and merchant ship construction and other munitions will not be available until late this month.

His report on August war production, made public Sept. 30, showed that munitions output increased 8% over July production. The total value of all munitions output, plus war construction, was $4,700,000,000 in August and the WPB munitions index (revised from December 1941) rose 27 points from 330 in July to 357 in August.

In issuing these details, Mr. Nelson said:

"But these figures, while impressive by themselves, are not impressive enough. The plain fact of the matter is that production lagged in August about 14% behind the first of the month forecasts. It is true that these forecasts are set very high, giving us high goals to shoot at; that schedules are being revised; and that forecasts also may be revised to give us closer measures of the production effort, compared with production possibilities. None the less, the performance is not one that we can brag about.

"We must all do more, and we must do it in a hurry. We are entering the crucial fourth quarter of the year. We must exert unheard of efforts, and we must give the closest attention to scheduling, inventories, and allocations of materials, if we are to push the production curve as high as it must go."

Features of the production picture were listed by Mr. Nelson as follows:

	Up over July
Aircraft	6%
Ordnance	3%
Naval Ship Construction	7%
Merchant Ship Construction	6%
Other Munitions	14%

Mr. Nelson's report added:

"Munitions output in May was 13% higher than in April, according to the revised figures. June production was 12% higher than in May. Figures for July show an increase of 10% over June. And in August, as indicated, there was an 8% increase.

"The WPB munitions index (covering all fighting items), which stood at 357 in August, is based on an index of 100 for November, 1941, the month before Pearl Harbor. This index is not figured just on a basis of the number of things produced, but takes into account the varying weights and values of different items, and accurately reflects the increase in total production. Production today, therefore, is somewhat more than three-and-a-half times as large as in the pre-Pearl Harbor month. Again, this is not enough, even though we anticipate a slowing down in the rate of increase as the total volume of munitions goes up.

U. S. Versus the Axis

"Available information indicates that this year our total output of munitions at least will equal that of German-dominated Europe, including France, Italy, and the Balkan States. There still are important items we lack, but deficiencies are being corrected. If we include new plant facilities and military construction, our 1942 war production effort promises to exceed by a considerable margin that of Axis Europe.

"Studies indicate that our rate of production already has caught up with and has passed that of Axis Europe, although the Axis has the benefit of a big head-start.

"Our overall program has been increased steadily. It has been stated previously that our production of all war goods in 1942 should reach the $45,000,000,000 mark; information now at hand indicates that our production for the year may run beyond this, if we balance our production by better scheduling. This depends not only upon Government, but also upon whole-hearted cooperation of industry and labor."

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Oct. 9 a summary for the week ended Oct. 3, 1942, of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Oct. 3, 1942	Total for week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of Orders	12,166
Number of Shares	337,618
Dollar Value	11,579,299
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	200
*Customers' other sales	13,746
Customers' total sales	13,946
Number of Shares:	
Customers' short sales	4,865
*Customers' other sales	334,292
Customers' total sales	339,157
Dollar value	9,594,097
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	230
†Other sales	93,980
Total sales	94,210
Round-lot Purchases by Dealers—	
Number of shares	99,560

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Items About Banks, Trust Companies

Benjamin O'Shea, President and a director of the Union Carbide & Carbon Corp., was elected a trustee of Central Hanover Bank & Trust Company, New York, on Oct. 6. He fills the vacancy on the bank's board created by the resignation of Jesse J. Ricks.

Manufacturers Trust Company of New York opened its newest office on Oct. 13 at the northeast corner of Fifth Avenue and 57th Street. The banking premises, which were formerly occupied by the New York Trust Company, have ungone considerable interior and exterior alterations in the last few months. The 15-story building in which this office is housed was purchased by Manufacturers Trust Company last December. With the opening of its 57th Street office, Manufacturers Trust Company has discontinued its office at the corner of Fifth Avenue and 55th Street that had been serving the same area for the last 15 years. The branch of Manufacturers Safe Deposit Company at Fifth Avenue and 55th Street has also been moved to 57th Street. Francis J. McGrath, Vice-President, is in charge of the 57th Street office. His associates are Alan G. Warner, Assistant Vice-President; Roger D. Elton, Assistant Secretary, and Franklin H. Middleton and Harold Paganini, Assistant Managers. The 57th Street office is one of the 68 offices of Manufacturers Trust Company in Greater New York and one of its four offices on Fifth Avenue. The other three offices on Fifth Avenue are located at 43rd Street, at 34th Street (Empire State Building), and at 18th Street.

"In order to handle more War Bond Accounts, we are discontinuing our Christmas Club after Nov. 7 for the duration of the war," it is announced by William L. DeBost, President of the Union Dime Savings Bank, New York City. Mr. DeBost says:

"In connection with the Treasury's payroll allotment plan for the purchase of War Bonds, we are handling payroll savings accounts for approximately 290 companies in our immediate neighborhood. Up to the present time we have opened more than 8,000 of these accounts, which has meant a considerable increase in work for the bank. In order to take care of these accounts more adequately, and to be able to handle an increased number, we have decided that we must use for this purpose not only the space but also the machines and personnel now concerned with the work of our Christmas Club.

"Many members of the Club this year have expressed the intention of putting some part of the money into War Bonds or into a regular savings account for next year's income tax. In order to facilitate this, the bank is making it possible for Christmas Club members to designate now what disposition they wish made of their funds. After the transfer to War Bonds or savings accounts, the balance remaining in each Christmas Club account will be sent by Christmas Club check to the depositor about Nov. 23."

The 18th of this month will be the 95th anniversary of the founding of Boatmen's National Bank of St. Louis, the oldest bank west of the Mississippi. It is announced, however, by the bank that since the staff is engaged in the sale of War Bonds and in many other duties occasioned by the war, there is no celebration or special display planned.

R. L. Hird, London Manager, has been appointed General Manager of the National Bank of India, Ltd., in place of the late E. H. Lawrence. T. T. K. Allan, Inspector of Branches, has been appointed London Manager.

To Name New Directors Of N. Y. Reserve Bank

Beardsley Ruml, Chairman of the Board of the Federal Reserve Bank of New York, on Oct. 3 invited banks in Group 3 (those with capital and surplus of $300,000 and less) to nominate candidates to replace the following directors whose terms will expire Dec. 31, 1942: Class A Director, Neil H. Dorrance, President, The First National Bank and Trust Co., Camden, N. Y., and Class B Director, Carle C. Conway, Chairman of the Board, Continental Can Co., Inc., New York City. Since both directors were elected by member banks in Group 3, their successors will be chosen by this group. The member banks in Groups 1 and 2 do not elect directors this year and will not participate in this election. Nominations should be sent to the Reserve Bank by Oct. 29 in order to be voted on by banks between Nov. 2 and Nov. 17

Many Of Bank Personnel In Armed Services

Approximately 12% of savings bank personnel throughout New York State have entered the armed services or have gone into war production industries, according to a survey released Oct. 5 by the Savings Banks Association. This has come at a time when many banks have been taxed with increased detail through sales of War Bonds and the handling of Payroll Savings Plans. Thus, in addition to filling the ranks of those who have gone to war, the savings banks have had to find additional help for their own war activities.

The Association's announcement Oct. 5 further said:

"Since Oct. 1, 1940, 792 savings bank people have entered the armed services and 119 have resigned their bank positions to enter war industries. The total number of people employed by the savings banks has gained by 445 or 5.8% since Oct. 1, 1940 and currently stands at 8,141.

"Entrance into the armed services has been fairly general throughout the entire State, with about 11½% of the total personnel in Greater New York having joined and about 10% for the rest of the State. The increase in total personnel has been particularly heavy in the western part of the State where the savings banks are receiving upward of $500,000 a month in payroll savings for War bonds. In Greater New York, the savings banks have added over 275 persons to their staffs in the past year. Of the new people employed during the year the majority have been women, numbering 1,280 as compared with 1,004 men."

October Bicycle Quota Set

The Office of Price Administration has fixed the quota of new adult bicycles for rationing in October at 88,000, compared with the September quota of 90,000. The New York State quota is 6,919 bicycles. The OPA has also set up an October bicycle reserve of 26,400, to be drawn on to supply any demand that may develop in excess of the assigned quota in any locality.

The sale of new adult bicycles was frozen by the War Production Board last April and rationing began late in June, with sales being limited to essential users under ceiling prices. The production of bicycles is now concentrated in two New England firms.

Reserve Requirements Lowered in NY., Chgo

In making known on Oct. 2 a reduction in reserve requirements of member banks in New York and Chicago, the Board of Governors of the Federal Reserve System stated:

"The Board of Governors today announced a reduction in reserve requirements to 20%, from the existing rate to 22%, of net demand deposits for central reserve city member banks in New York and Chicago. The reduction will become effective as of the opening of business on Oct. 3, 1942."

The present is the third cut made in reserve requirements of these banks since August; the first from 26% to 24%, was referred to in our Aug. 27 issue, page 720, while the second reduction, from 24% to 22%, effective Sept. 14, was noted in these columns Sept. 17, page 994. Pointing out that the change does not affect banks in other cities, Associated Press accounts from Washington on Oct. 2, had the following to say regarding the changes in reserve requirements in the case of New York and Chicago banks:

"These progressive steps to increase supply of investment funds in New York and Chicago have been necessitated, officials said, by the fact that the war program has tended to shift the nations' supply of money more evenly about the country, instead of piling up the bulk of investment funds in New York and Chicago as in ordinary times. In fact, the new cut in New York-Chicago reserve requirements brings them for the first time in many years to a par with the ten other large cities throughout the counry in which there are Federal Reserve banks. In these ten cities, the reserve requirement has been 20% since Oct. 31, 1941.

"While no accurate figures were available, unofficial estimates indicated that tonight's change will increase the supply of investment funds in New York and Chicago by about $400,000,000—probably $330,000,000 in New York and $70,000,000 in Chicago. In New York, at the close of business on Thursday the supply of investment funds had fallen to $184,000,000 and in Chicago to a much smaller figure. A few years ago it was common for these two cities to have two or three billion dollars of investment funds on hand regularly.

"The new order means that, beginning tomorrow, out of every $100 deposited in a New York or Chicago bank the banks must set aside $20 as a reserve and can use the other $80 either to make loans or to invest in government or other legal securities.

"The order applies only to checking accounts and other demand deposits. On savings and time deposits there is a standard reserve rate of 6% in all Federal Reserve member banks."

Waldow Heads Bank Auditors And Comptrollers

At the abbreviated annual meeting of the National Association of Bank Auditors and Comptrollers, held on Oct. 8 in New York City, Ottmar A. Waldow, Comptroller of the National Bank of Detroit, was elected President to succeed Cecil W. Borton, Vice President of the Irving Trust Co. of New York.

Mr. Waldow became an official of the National Association of Bank Auditors and Comptrollers in September 1939, when at the annual cconvention in Seattle, Washington, he was elected to the then combined position of Secretary-Treasurer. Since that time he has successively been elected to each higher office and today was elected to their highest position. Prior to his election as Secretary-Treasurer in 1939 he had served for several years as national committeeman for the 7th District.

Hugh E. Powers, Cashier of the Lincoln Bank and Trust Co., of Louisville, Ky., was elected First Vice President; John C. Shea, Auditor of the Whitney National Bank, New Orleans, La., became Second Vice President; Ben N. Jenkins, Auditor of the First National Bank & Trust Co., Oklahoma City, Okla., was elected Secretary, and Arthur R. Burbett, Comptrolled of the First National Bank, Baltimore, Md., is the newly elected Treasurer.

Mr. Borton, the retiring President, becomes a member of the Advisory Board. D. R. Cochard continues as Managing Editor of the National Auditgram, with offices at the National headquarters, 512 Caxton Building, Cleveland, Ohio; E. H. Bailey, Jr., Comptroller of the Morris Plan Bank of Cleveland, was reappointed Associate Editor.

FDR Makes Appeal For Community Chest Funds

President Roosevelt in an address on Oct 5, over radio net works, marking the formal launching of the 1942 Campaign of the Community Mobilization for Human Needs urged the nation to "transform some of our new buying power into giving power." The President who spoke from Washington declared that "in generous giving, we will affirm before the world our Nation's faith in the inalienable right of every man to a life of freedom, justice and decent security," and he said "every successful community chest and war chest campaign, will be another step toward the eventual victory of humanity and civilization."

The Community Mobilization drive, which is again headed by Tom K. Smith, St. Louis banker, this year seeks $170,000,000. In addition to the community chests, it includes the following funds: United Service Organizations, Greek War Relief, Russian War Relief, British War Relief, Polish War Relief, the Queen Wilhelmina Fund, United China Relief, Recreation Program for War Prisoners and social-hygiene programs in defense communities.

The President's address follows:

"My friends and fellow Americans:

"Tonight a mighty community mobilization begins, a voluntary mobilization of the forces of human kindness and decency. In more than 600 American cities gifts for foreign war relief and for community services will be gathered by the experienced hands of community chests and war chests. Two great labor organizations of the country will give full co-operation to this work. Hundreds of thousands of citizens will give freely of their time and talents for the success of these campaigns.

"You have been accustomed for many years to showing your concern for the welfare of your own neighbors through contributions to your community chest; and also we must stretch a handclasp of hope and courage across the seas.

"We must transform some of our new buying power into giving power as we face redoubled needs on every hand at home and abroad, and prepare to pull our belts tighter for the hard fight ahead.

"For most of us this year, giving will not be easy. War needs exact a heavy toll, not only on the fighting front but in the personal lives and fortunes of every one of us. But your giving will provide not alone strength for our nation at war, but proof, in a world of violence and greed, that the American people keep faith with democracy, that we hold inviolate our belief in the infinite worth of the individual human being.

"Your gift may give new heart to courageous families bombed out of their homes in many places; it may add to the precious store of medicines in a distant hospital or speed a shipload of food to a little nation, whose people are dropping in the streets from starvation. It may strengthen the hands of brave allies fighting our common foe. It may help a busy mother, working in war industry in your own town, to take proper care of her family. It may speed on her rounds a visiting nurse who is carrying a double load because so many of her profession are now with the armed forces. It will help your community to give hospitality to soldiers, sailors and marines on a precious few-days' leave, or on their way to some distant battle line.

"Your gift must take account, also, of the continuous needs of the sick, the crippled child, the boys and girls whose homes are not adequate to their needs, the dependent and unfortunate in your own neighborhoods whose troubles have not lessened with the new worries and needs which war has brought.

"Upon each one of you who listens tonight—upon you as an individual—in your own cities and towns throughout this vast country, rests the success or failure of these campaigns.

"In generous giving, we will affirm before the world our nation's faith in the inalienable right of every man to a life of freedom, justice and decent security. Every successful community chest and war chest campaign will be another step toward the eventual victory of humanity and civilization."

Natural Gas Ceiling Schedule Placed

Ceiling prices for natural gas, both wet and dry, on Oct. 1 were placed under Revised Price Schedule No. 88 (Petroleum and Petroleum Products) by the Office of Price Administration.

Rates specifically excluded from control under the Emergency Price Control Act, such as those charged by public utilities, however, are **not** affected by the above action.

Both wet and dry gas previously had come under the General Maximum Price Regulation. The change will bring a more equitable realization on prices for sellers of wet gas from which natural gasoline and other products are extracted, but will not increase prices of natural gasoline to the consumer.

Prices for wet (casinghead) gas during March, 1942, the base period used in the General Maximum Price Regulation, were lower than prices during October, 1941, the base period used in Revised Price Schedule No. 88, for natural gasoline. By placing wet gas under the petroleum schedule, prices for that product are put in direct relationship with the prices of natural gasoline.

Dry gas, or ordinary natural gas, was placed under the schedule in line with the policy of unifying control of all prices of petroleum products under oue regulation.

The change is contained in Amendment No. 32 to Revised Price Schedule 88. It is effective October 7, except that a buyer and seller of wet gas may agree to make the effective date retroactive to May 11, 1942.

The amendment provides that the price for wet gas produced from any given field shall be the highest price that could be arrived at under the terms and conditions of any contract between the seller and buyer in effect May 1, 1942 for the sale of wet gas produced from that field.

May 1 was selected because use of that as a base period will not result in higher maximum prices for the gas than would result from use of Oct. 1, 1941 and will not entail any increase in the price of natural gasoline.